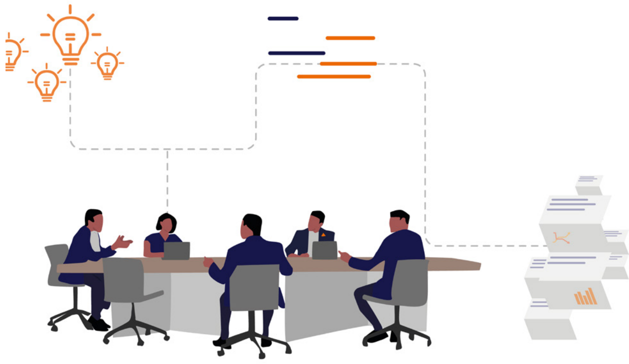
INTERIM CONSOLIDATED INFORMATION 1ST SEMESTER 21

BFA

INDEX



01
MAIN INDICATORS

MAIN INDICATORS

AOA in millions	Jun 2020	Jun 2021	Δ% 20-21
AOA			
Total Assets	2.526.359	2.793.711	10,6%
Loans and Advances to Clients [1]	322.410	306.622	-4,9%
Customer Deposits	1.929.767	2.142.349	11,0%
Shareholders' Equity and Equivalent	480.840	328.221	-31,7%
Operating Income	133.897	124.016	-7,4%
Net Interest Income	86.932	90.744	4,4%
Other Income	46.965	33.272	-29,2%
Overheadsa [2]	45.101	52.282	15,9%
Operating Profit	91.639	75.182	-18,0%
Net Profit	72.711	62.623	-13,9%
Accumulated Profit Attributable to Shareholders	72.711	62.623	-13,9%
Return on Assets [ROA]	6,6%	4,6%	-2,0 p.p.
Return on Equity [ROE]	32,1%	25,7%	-6,4 p.p.
Cost-to-income	33,7%	42,2%	8,5 p.p.
Total Assets per Employee	910,4	1013,7	10,6%
Loan-to-Deposits Ratio	19,0%	16,7%	-2,3 p.p.
Regulatory Capital Adequacy Ratio	63,9%	38,3%	-25,5 p.p.
Non-performing Loans/ Total Loans and Advances to Clients	8,5%	6,0%	-2,6 p.p.
Impairments of Non-performing Loans	140,8%	239,8%	99 p.p.
Loan Impairment	10,5%	11,5%	1,0 p.p.
Number of Service Desks [3]	197	198	+1
Number of Employees	2.775	2.756	-0,7%
BFA Net Penetration	8,8%	9,1%	+0,3 p.p.
Debit Card Penetration	56,9%	54,7%	-2,2 p.p.

1) Loans Net of Impairment
2) Includes staff costs, third-party supplies and services, other operating costs, depreciations and amortizations
3) Branches + business centres + investment centres + banking service points

USD in millions	Jun 2020	Jun 2021	Δ% 20-21
USD			
Total Assets	4.360	4.325	-0,8%
Loans and Advances to Clients [1]	556	475	-14,7%
Customer Deposits	3.330	3.316	-0,4%
Shareholders' Equity and Equivalent	830	508	-38,8%
Operating Income	247	194	-21,4%
Net Interest Income	161	142	-11,8%
Other Income	86	52	-39,3%
Overheadsa [2]	84	82	-2,5%
Operating Profit	169	118	-30,0%
Net Profit	135	98	-27,1%
Accumulated Profit Attributable to Shareholders	135	98	-27,1%
Return on Assets [ROA]	6,6%	4,6%	-2.0 p.p.
Return on Equity [ROE]	32,1%	25,7%	-6,4 p.p.
Cost-to-income	33,7%	42,2%	8,5 p.p.
Total Assets per Employee	1,6	1,6	-0,8%
Loan-to-Deposits Ratio	19,0%	16,7%	-2,3 p.p.
Regulatory Capital Adequacy Ratio	63,9%	38,3%	-25,5 p.p.
Non-performing Loans/ Total Loans and Advances to Clients	8,5%	6,0%	-2,6 p.p.
Impairments of Non-performing Loans	140,8%	239,8%	99 p.p.
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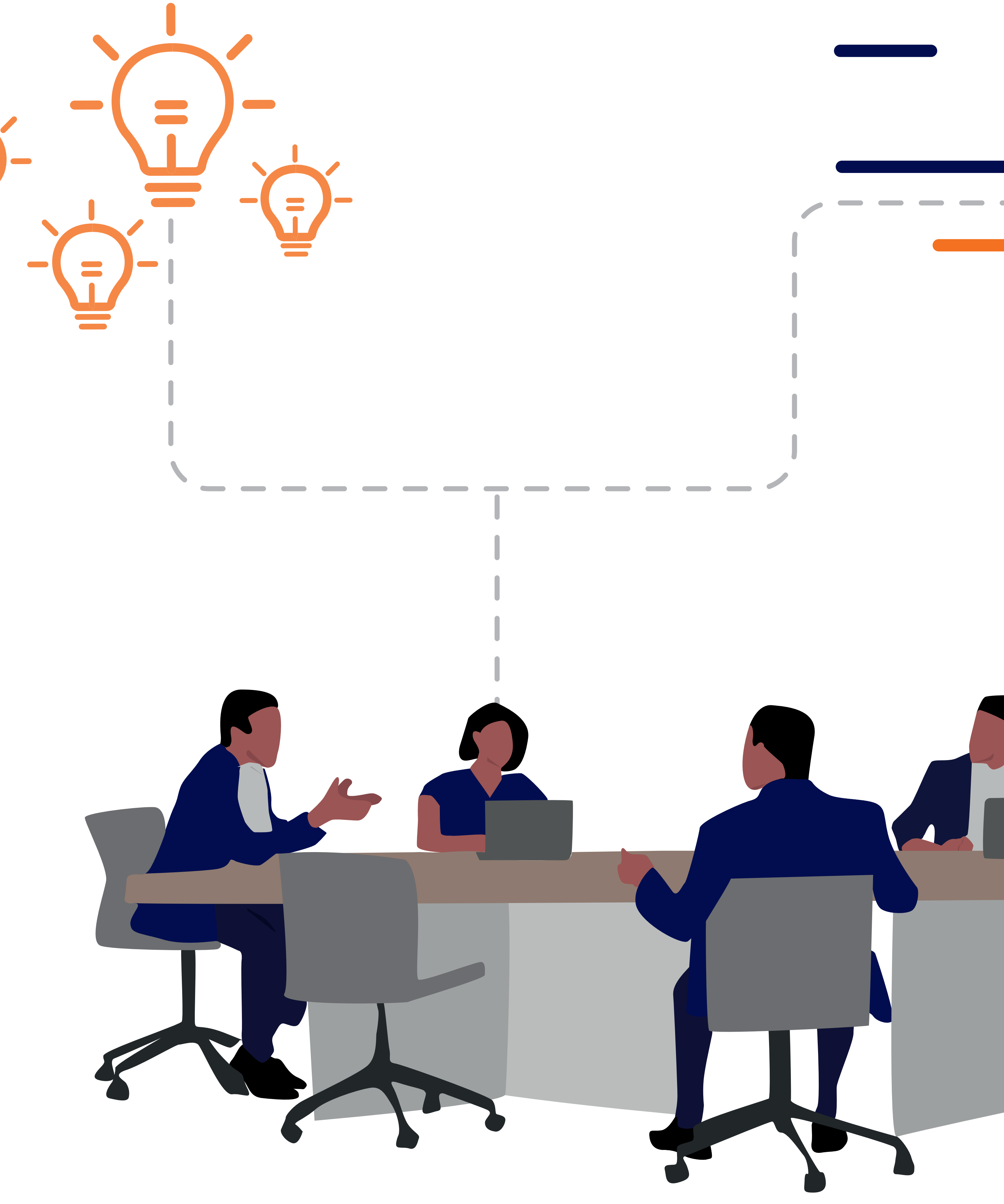
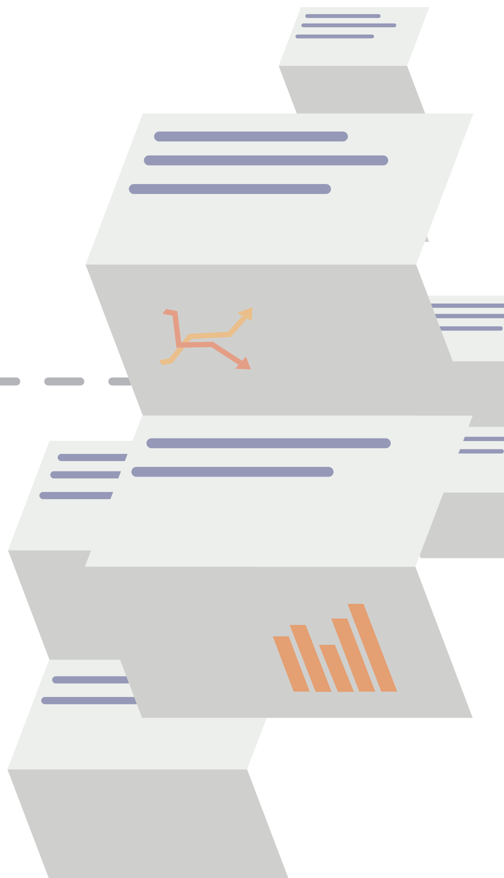


02
CORPORATE BODIES



CORPORATE BODIES

COMPOSITION OF GOVERNING BODIES

GENERAL ASSEMBLY

Chair	João Boa Francisco Quipipa
Secretary	Tidiane de Sousa Mendes dos Santos

EXECUTIVE COMMITTEE

Chair	Luís Roberto Gonçalves
Members	Vera Escórcio Sebastião Massango Natacha Sofia Barradas António Simões Matias Paulo Freitas Alves António Manuel Alfaia

BOARD OF DIRECTORS

Chair	Rui Jorge Carneiro Mangueira
Deputy-chair	Osvaldo Salvador Macaia
Non-Executive Directors	Divaldo Kienda Feijó Palhares Jacinto Manuel Veloso João Fernando Quíuma

SUPERVISORY BOARD

Chair	Ari Brandão
Deputy-chair	João Melão Dias
Chartered Accountant	Valdir de Jesus Lima Rodrigues

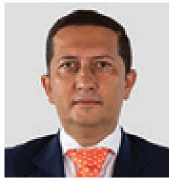
EXTERNAL AUDITOR

KPMG Angola - Audit, Tax, Advisory, S.A.

ORGANIZATIONAL CHART

The Bank's organizational chart is based on a functional structure, which provides a clear division of the corresponding areas and functions of each Department, under the responsibility of each Executive Director.

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Luis Roberto Gonçalves (EPC)	António Simões Matias	Vera Escórcio	Natacha Sofia Barradas	Sebastião Massango	António Manuel Alfaia	Paulo Freitas Alves
Company Secretary	Facilities and Assets Department	Procurement Department	Audit and Inspection Department[1]	Agribusiness Department	Credit Monitoring, Recovery and Litigation Department	Organization and Quality Department
EPC's Office	Means of Payment Department	Accounting and Planning Department	Compliance Department	Investment Centers Department	Credit Management Department	Information Systems Department
BFA Academy	Treasury Operation Department	Finance and International Department	Foreign Exchange Control Department	Private Banking Department	Corporate and Business Credit Risk Department	Strategic Projects and Initiatives Department
Investment Banking Department	Foreign Operations Department	Social Responsability Department	Risk Management Department	Personal and Business Banking Department (North)	Corporate, Institutional and Projects Credit Risk Department	Protocol Management Department
Human Capital Department	Processing and Control Operations Department		Legal Department	Personal and Business Banking Department (South)	Personal Credit Risk Department	Medium Companies Department
Marketing Department						Large Companies Department
Institutional Relations Department						Institutional Oil & Gas Department

[1] - Reporting to the Chair of the Board of Directors

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

LUÍS ROBERTO GONÇAIVES

Chair

Date of Birth:
6th June 1972
Nationality: Angolan

Luís Gonçalves has a Degree in Higher Management Accounting from the Lusíada University of Angola, and a Post-Graduate degree in Monetary and Financial Economics from the University of Évora, Portugal. In his background, the highlights include training in Anti-Money Laundering and Combating the Financing of Terrorism and Sanctions from PricewaterhouseCoopers (PWC), and an Effective Leadership Program taught by both Nova School of Business & Economics and Interbank Markets, Intermoney Portugal SFC. In 2019, he attended the Corporate Governance training, ministered by Financial Services Volunteer Corps (FSVC).

Luís Roberto Gonçalves started his banking career in 1996 at BFA, having held relevant positions in the Bank for several years. In 2016 he had the mission to create BFA Asset Management as Chairman of the Executive Committee. Until the beginning of 2020 he was the Executive Director at "Banco Crédito do Sul". He also performed important functions in Banco KEVE.

ANTÓNIO SIMÕES MATIAS

Member

Date of Birth:
19th July 1968
Nationality: Angolan

António Matias has a Degree in Business Management from the Agostinho Neto University and a Post-Graduate degree in Banking, Insurance and Financial Markets from the "Superior Institute of Languages and Administration of Lisbon" (ISLA).

António Matias has been a Director of BFA since 2005, as well as the Chairman of the Board of IFBA. In addition to a career in the economic area, he has more than 20 years of experience in banking, having joined BFA in January 1998. During his career, he has had various functions in the Credit area and in Corporate Management.

VERA ESCÓRCIO

Member

Date of Birth:
17th September 1974
Nationality: Angolan

Vera Escórcio has a Degree in Economics with a specialization in Economics from the Nova School of Business & Economics. She attended a Postgraduate Degree in Banking Management at the Institute of Graduate Studies (Madrid) and also counts with an Advanced Management Program for Banking ministered by Catholic Lisbon School of Business & Economics.

Vera Escórcio has been a Director of BFA since 2009. She has 19 years of experience in Banking, which began in 2001 at BFA, in the Financial Department. She also worked at Banco BIC, where she was Director of the Financial Department. She served as a member Nova Cimangola's Supervisory Board and Supervisory Board of ABANC - Angolan Association of Banks.

SEBASTIÃO MASSANGO

Member
Date of Birth:
10th September 1976
Nationality: Angolan

Sebastião Massango has a Bachelor's degree in Business Management from the Faculty of Agostinho Neto University and a post-graduate degree in Management from the Portuguese Catholic University.

Sebastião Machado Francisco Massango, has a background of 18 years at BFA, having performed important functions in Corporate Banking and in the Risk Department. In 2019 he was named Director in the Agribusiness Directorate.

NATACHA SOFIA BARRADAS

Member
Date of Birth:
25th September 1978
Nationality: Angolan

Natacha Sofia da Silva Barradas has a Law Degree from the Catholic University of Angola. She has two postgraduate degrees: Corporate Law and International Trade Law from the University of Lisbon and Agostinho Neto University. She also has a master's in Business and Law from the Portuguese Catholic University.

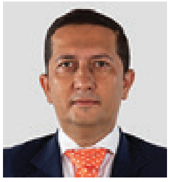
Natacha Sofia da Silva Barradas was Head of Legal Department, Company Secretary, and Chairman of the Shareholders Meeting of Standard Bank Angola. She was a member of the supervisory board of Fundo Soberano de Angola for two years. She has been a partner at LEAD Advogados since 2017, and had stints at several firms such as: MLGTS - Morais Leitão, Galvão Teles, Soares da Silva and FBL - Faria De Bastos e Lopes Advogados Associados. In 2013, she joined the Angolan Ministry of Finance as Director of the Legal Office and later as Director of the Office of the Minister of Finance. She was a lawyer at Banco BPI in 2008 and at Nova Sociedade de Seguros de Angola (Nossa Seguros) in 2005. In 2005, she was a lecturer at the Faculty of Law Catholic University of Angola.

ANTÓNIO MANUEL ALFAIA

Member
Date of Birth:
11th January 1973
Nationality: Portuguese

António Alfaia has a Degree in Business Management from Superior Institute of Languages and Administration of Lisbon" (ISLA). Holds a Post-Graduation in Management Control and Performance from Overgest/ISCTE and an Executive Program in Management of Financial Institutions from the Portuguese Catholic University.

António Alfaia, has been connected to the Retail, In-Store Banking, and Factoring activities and has held the position of Commercial Director at BPI Bank in the Individuals and Business segment. He began his career at BFA in 2008, assuming responsibilities in Credit Risk to Individuals and Businesses, Workplace Banking, Credit Risk Management, and implementation of the IFRS9 standard. In 2020, he took the General Manager of Credit position at BFA, with responsibility for monitoring all areas of granting, monitoring of concession, monitoring, recovery, and operational management.



PAULO FREITAS ALVES

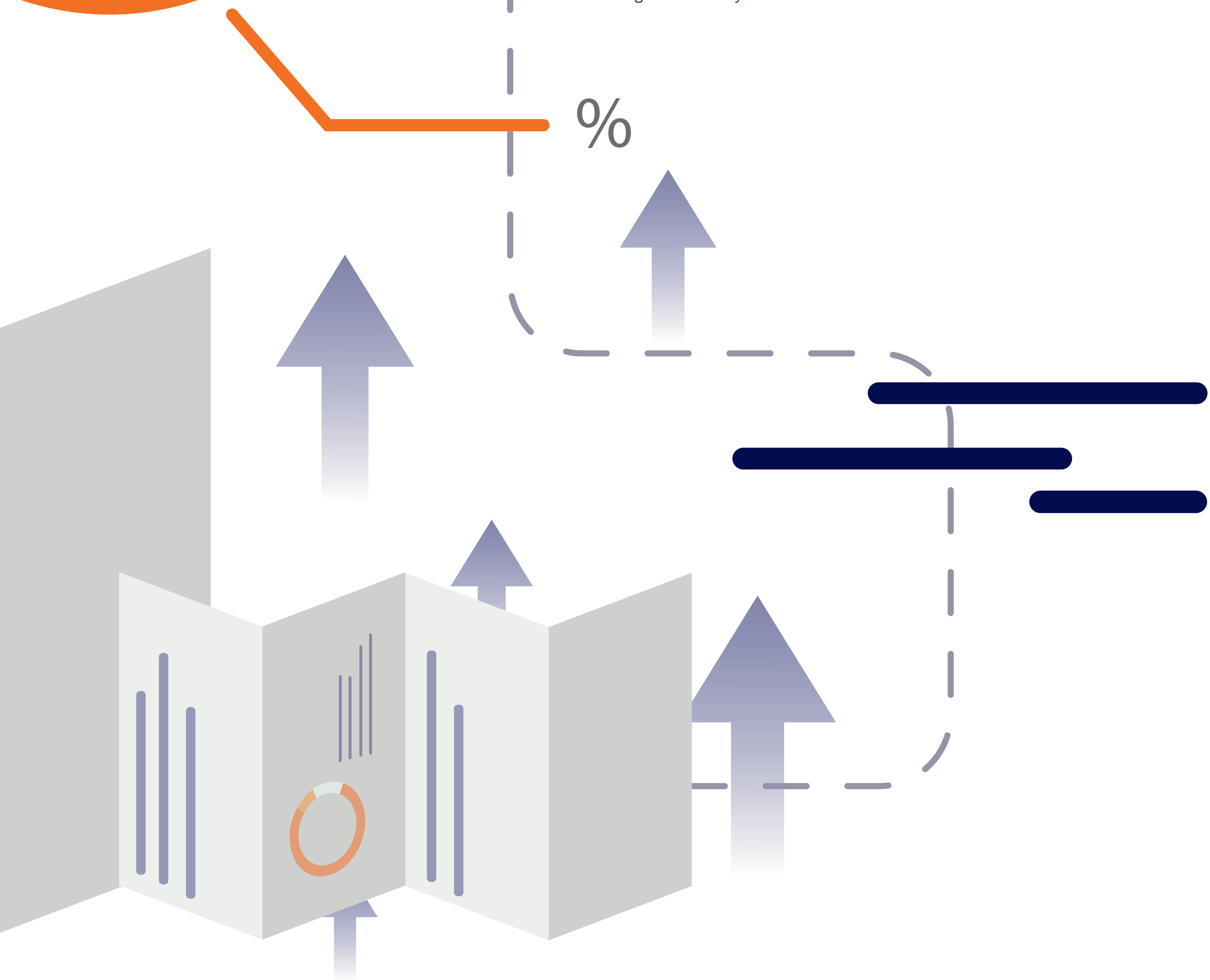
Member
Date of Birth:
24th November 1978
Nationality: Angolan

Paulo Alves has a Bachelor's degree in Linguistics/English from the Higher Institute of Sciences of Education in Lubango, and a Master's degree in Business Management from the Open University of Lisbon.

Paulo Freitas Alves has extensive experience in the Commercial area as well as a leadership of multidisciplinary teams. In another Financial Institution, he performed the functions of Clerk, Credit Technician, Desk Officer, Sub-Manager, and Manager. In 2005 he was invited to join the BFA team as manager, having held until 2017 various functions in the Department of Personal and Businesses - Manager, Area Director, Assistant Director, and Commercial Director. He was then challenged to join the Transformation team as Lead of one of the work fronts and in 2019 became part of the Corporate Banking team.

03

ECONOMIC ENVIRONMENT



ECONOMIC ENVIRONMENT

GLOBAL ECONOMY

According to the IMF (International Monetary Fund), the global economy experienced a strong recession during 2020, having retracted approximately 3,2%, versus the growth of 2,8% registered in 2019. The strong break of the world economic activity is due to the evolution of the covid-19 pandemic, which started in February/March, and led to the stoppage of the economic activity in all sectors and countries around the globe. This break has been more significant in the most advanced economies, particularly in the Eurozone which according to IMF's projections suffered a shrinkage of 6,5%. The impact was particularly severe in Spain, the United Kingdom, and Italy, which suffered recessions of 10,8%, 9,8% and 8,9% respectively.

World Economic Growth
Homologous variation in percentage

Emerging and developing countries also suffered a contraction on economic activity, although in a smaller scale: an estimated decrease of 2,1% in 2020, versus a growth of 3,6% registered in the previous year. Contrary to this trend, China was the only major economy to register year-on-year economic growth (+2,3%), which occurred due to its early reopening of almost all economic sectors in April. On the contrary, Latin America emerging countries, which were severely affected by the covid-19 pandemic, are expected to register a GDP drop of 7%, with the Mexican and Brazilian economies contracting 8,3% and 4,1% respectively. Regarding Sub-Saharan Africa, IMF predicts a lighter decrease in economic growth, of approximately 1,8%: in particular, South Africa and Nigeria (two countries deeply affected by this pandemic) are expected to suffer recessions of 7,0% and 1,8% of their GDP. For the remaining emerging countries, IMF estimates a widespread decrease in economic activity, with emphasis on India and Saudi Arabia which are expected to present a 7,3% and 4,1% GDP break respectively.

In 2021, with the rollout of vaccination and the adaptation of several activities to the new norm, there has been a growing reopening of world economies, particularly through the summer on the North hemisphere, which anticipates a recovery on global economic activity of approximately 6,0%. The developed economies as a whole (which were the most affected by the covid-19 pandemic) are expected to grow approximately 5,6%: in particular, the USA has a predicted growth rate for 2021 of 7,0%, whilst the Eurozone is expected to grow 4,6%, according to IMF predictions. Furthermore, emerging economies are also expected to register a recovery of approximately 6,3%, which will be mainly driven by the Asian countries, which present a growth forecast of 7,5% of GDP. In particular, China and India are expected to have the largest growth rate within the group of emerging economies (9,5% and 8,1% respectively); the remaining emerging economies in Europe and Latin America are expected to present a GDP growth rate slightly lower than the developed countries (4,9% and 5,8% respectively). As for the Sub-Saharan Africa, IMF estimates a growth rate of 3,4%, with Nigeria and South Africa growing respectively 2,5% and 4,0%.

2020

Developed Economies

- Estimated recession 4,6%
- Economic activity shutdown
- Inherent risks due to the development of covid-19

Emerging Economies

- Estimated recession of 2,1%;
- Sub-Saharan Africa is expected to contract by 1,8%;
- China is expected to perform positively this year, whith a growth rate of 2,3%.

World Economy: Recession of 3,2%

2021P

Developed Economies

- Estimated GDP growth rate of 5,6%
- Gradual recovery of economic activity
- Inherent risks due to covid-19 mutations

Emerging Economies

- Estimated GDP growth rate of 6,3%
- Sub-Saharan Africa is expected to grow by 3,4%
- Dependent on the progression of vaccination

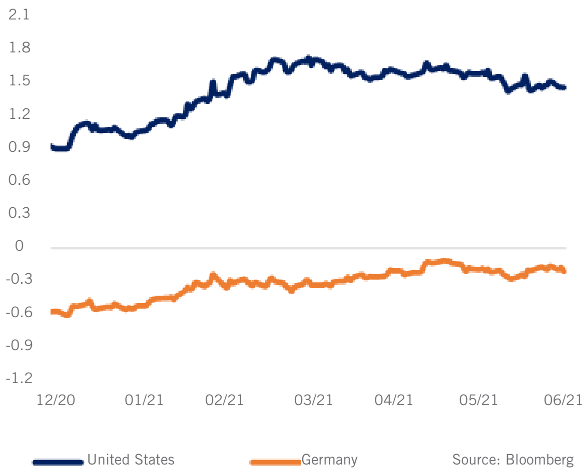
World Economy: Growth of 6,0%

Money and Bond Markets

After a year entirely impacted by the covid-19 pandemic, 2021 has been characterized by some periods of economic recovery, interspersed with some apprehension regarding new covid-19 mutations and delays throughout the vaccine supply chain. However, the global sentiment is that, even with a few obstacles in the recovery from this public-health crisis, the global economy has shown a great ability to adapt to the situation in place, which translates into an optimistic feeling within the financial markets.

10-year Sovereign Debt Yield

Percentage



Monetary policy around the globe has remained fairly expansive, although there have been signs that this could be gradually reversed in the short-term, particularly in the USA due to the recent aceleration verified on the inflation rate. In the United States, the Federal Reserve has carried out two reductions of the reference intervals for the Fed Funds Rate, in March and April of 2020; these reductions totaled 150 basis points, which led the refered interval to be set at 0,0%-0,25%. Furthermore, it reinvigorated its Quantitative Easing programme for what is expected to be a short period of time – the forecast is for a slowdown of the programme in 2021, reaching zero again during 2022.The Bank of England has also carried out a reduction of its reference interest rate, of 65 basis points, leading to an interestest rate of 0,10% by March; this policy remains in place, as it is considered by Bank of England as the most appropriate for the current set of events.

Other central banks, which had no margin for a reduction of the interest rate, chose to increase the asset purchase programmes: for example, the European Central Bank (ECB) has significantly increased its asset purchase capacity with the creation of the Pandemic Emergency Purchase Program (PEPP), with a total allocation of EUR 1.850 billion; furthermore, it improved the access conditions for the TLTRO, and opened new lines of LTRO – two kinds of long-term financing operations for european banks.

On the other hand, ECB has recently adopted a change of its targeted inflation rate from “under 2%” to “near 2% at midterm”, which means that prolonged periods of inflation rates more than slightly above target are unwanted. For the future, ECB expects to sustain these rates, although it admits there might be a transition period on which the inflation rate will be slightly higher than target.

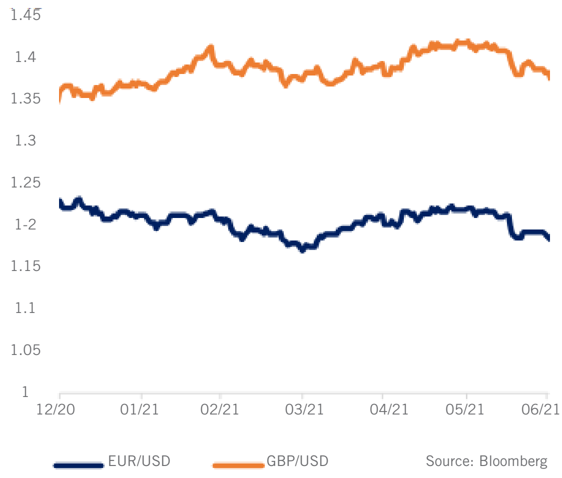
Market interest rates remain fairly low, reflecting the impact of monetary policy in response to the pandemic crisis; for example, 3-month Libor closed the semester on 0,14%, mildly below the 0,23% recorded at the end of 2020, and substancially below the 1,91% registered at the end of 2019. In parallel, 3-month Euribor remains consistently negative: it ended the semester on -0,54%, unaltered since the beginning of the year, and slightly lower than the -0,40% of the end of 2019.

After the clear escape of investors to more safe and reliable assets in 2020 as the pandemic hit the economy, the improvement of economic forecasts and the increase in inflation rates throughout the first semester of 2021 have started a recovery process for the sovereign debt yields, particularly on the North American market. Therefore, US sovereign debt reached a 10 year yield of 1,47%, which represents an increase from the 1,01% registered at the end of 2020, but still remains below the pre-pandemic rates of 2019; similarly, the German 10 year yield also suffered an increase, from -0,57% at year end to -0,21% at the end of the semester. Regarding emerging economies, the performance of their sovereign debt has been more resilient than expected, mainly due to the good performance of their economy at this time, and to the increase in risk appetite with the recovery of the post-pandemic phase – currently, JP Morgan’s sovereign debt index for emerging countries has already surpassed the levels registered in the beginning of 2020, before the pandemic hit.

Foreign Exchange Market

As a consequence of the escape of investors to more safe and reliable assets in 2020 as the pandemic hit the economy, there was a significant impact on the emerging countries' currencies, which is already being slowly reversed: for example, the South-African Rand had dropped from a maximum of ZAR/USD 19,26 to a minimum of 13,43 in June 2021, when it then started a recovery, in parallel with other similar currencies. For the EUR/USD exchange rate, the first semester of 2021 has presented some stability, with a slight loss for the euro from 1,22 at the end of 2020 to 1,19 at the end of this semester. The pound had been recovering until february 2021, and then entered a phase of relative stability: the GBP/USD exchange rate was 1,39 at the end of this semester, versus the 1,36 registered at the end of 2020.

EUR/USD and GBP/USD Exchange Rate
USD



Source: Bloomberg

ANGOLAN ECONOMY

Economic Activity

Main Indicators and Projections

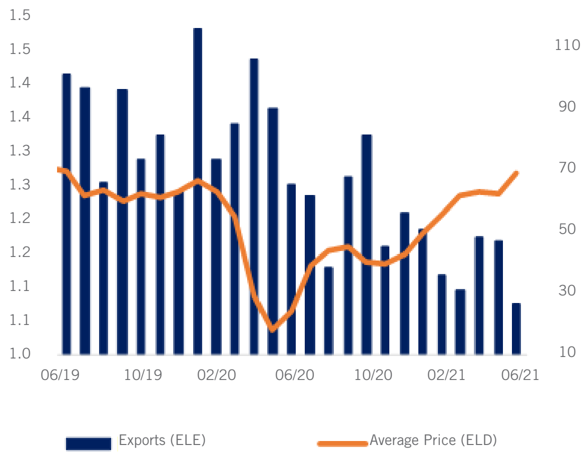
	2013	2014	2015	2016	2017	2018	2019	2020	2021P
Real GDP growth (YoY, %)	5,0	4,8	0,9	(2,6)	(0,2)	(2,0)	(0,9)	(5,4)	0,4
Oil sector	(0,9)	(2,5)	11,1	(2,7)	(5,3)	(9,7)	(7,6)	(6,8)	(6,2)
Non-oil sector	8,7	8,9	(3,0)	(2,5)	3,0	(0,1)	1,6	(4,0)	2,5
Oil production (million barrels/day)	1,72	1,67	1,78	1,75	1,64	1,60	1,52	1,28	1,27
Angolan oil price (average, USD/barrel)	107,7	97,4	48,9	40,9	54,0	70,6	63,0	41,1	57,8
Consumer Price Index (YoY change, end of period)	8,8	7,3	9,2	30,7	29,8	18,6	17,1	25,1	19,5
Budget total (% of GDP)	(0,3)	(5,7)	(2,9)	(4,5)	(6,3)	2,1	0,8	(1,9)	2,2
Primary non-oil budget total (% of non-oil GDP)	(48,3)	(33,9)	(18,1)	(12,2)	(15,7)	(10,9)	(9,4)	(7,4)	(6,8)
International crude oil reserves (billion USD, end of period)	32,2	27,8	24,4	24,3	18,1	16,2	17,2	14,9	14,8
Average exchange rate (AOA/USD)	96,6	98,3	120,1	163,5	165,9	252,7	364,6	576,1	-

Source: IMF, BNA

In 2020, the Angolan economy recorded its fifth consecutive year of recession, having tumbled 5,4%. The oil sector also retracted 6,8%, which isn't as severe as the decreases registered both in 2019 and 2018 (-7,6% and -9,7% respectively). This break in the oil sector is accentuated by the natural decay of the oil wells, as well as the suspension of the projected investments in the sector for 2020 due to the pandemic, and its corresponding negative effect on the traded oil price. Throughout 2020, OPEC's independently collected data also shows an average of 1,28 million barrels produced per day (a drop of 16% when compared to the 2019 levels).

As for the non-oil sector, its activity had been continuously decreasing during 2020, closing the year with a decrease of 4%. This break results from three different impacts provoked by the covid-19 pandemic: primarily, there was a significant decrease in government revenue due to the decrease in oil prices in the international markets, which resulted on the decrease in public investment; on the other hand, the Kwanza depreciation throughout 2020 led to a severe decrease in the purchasing power of the country; lastly, the logistical impediments brought

Oil Exports and Monthly Oil Prices
Millions of barrels a day; USD



Source: Finance Ministry

by the pandemic constrained several economic activities throughout the year. The commerce sector, (the most significant after the oil sector) has presented the largest year-to-year growth rate in 2020 with an increase of 4,7%. On the contrary, the construction sector recorded a strong decline as the most impacted sector, with a break of 29,4%.

Oil Prices in the International Market
USD/brl

Between January and March 2021, Angolan GDP registered a drop of 3,4% compared with the same period of the previous year, which corresponds to a deceleration when compared with the homologous variation of the previous quarter (-5,5%). The oil sector remains in a downwards trajectory, with a decrease of 18,6% compared with the same period of the previous year, which is the biggest homologous decrease since at least 2010, and led to the lowest weight of the sector on the GDP since 2010 as well (27,1% versus 48,1% in the first quarter of 2010). According to OPEC's data, the average daily oil production for the first quarter of 2021 was 1,14 million barrels, which represents a decrease of 18% compared with the same period of the previous year (1,39 million barrels on the first quarter of 2020). In contrast, the recent increase in oil prices on the international markets has led to an increase in government revenue.

On the other hand, the non-oil sector is growing for the first time since the end of 2019, with a growth rate of 3,8% (the largest since late 2018). The commerce, fishing and diamond sectors sustained 29,6%, 29,3% and 28,0% increases respectively in the first quarter of this year, whilst the construction sector suffered a two-digit fall for the fourth consecutive quarter (-31,5% yoy).

For the remainder of the year, the IMF expects a slight break on the Angolan economic activity, with a total contraction of -0,4% . For the oil sector, as the pace of the natural decay of the oil wells remains constant, it is expected to decrease its activity around 6,2% . In spite of this break in activity, this sector is now more robust, and thus has some positive prespectives for the remainder of the year, as the oil prices continue to rise, which has an impact on the Angolan economy as a whole. Regarding the non-oil sector, IMF estimates a growth of 2,5% for 2021, boosted by the increase in public investment funded by the recent increase in government revenue.

Foreign Trade

Balance of Payments	2013	2014	2015	2016	2017	2018	2019	2020	2021P
Current account (% of GDP)	6,7	(2,6)	(8,8)	(4,8)	(0,3)	7,0	6,1	1,5	5,2
Trade balance (% od GDP)	33,5	21,0	10,7	13,9	16,7	23,6	22,7	19,5	25,0
Exports of goods(annual % change)	(4,0)	(13,3)	(43,9)	(16,9)	26,1	17,8	(14,8)	35,8	41,8
of which: oil (annual % change)	(4,0)	(13,8)	(44,7)	(17,2)	26,9	18,0	(14,1)	33,5	39,6
Imports of goods (annual % change)	11,1	8,5	(27,6)	(34,6)	6,8	9,4	(10,6)	16,3	16,8
Capital and financial account (% of GDP)	7,1	(5,0)	(11,1)	(8,2)	(6,5)	5,1	3,2	(5,6)	10,2

Source: IMF

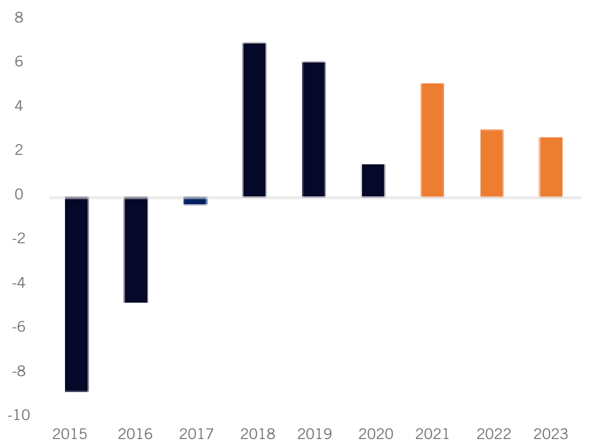
The Angolan current account closed the year with a positive balance of USD 0,9 billion, which represents approximately 1,5% of GDP. However, the balance is far below the USD 5,1 billion (6,1% of GDP) registered in 2019.

In the first quarter of 2021, Angola's current account balance registered a surplus of USD 1,97 billion, which corresponds to an increase of 72% compared with the same period last year. Regarding exports, there has been an increase of 5,7% in oil sales, boosted by the increase in oil prices (26,6% yoy), which was able to compensate for the decrease in production levels (-17,4% yoy). On the other hand, imports have slightly increased to USD 2,5 billion (2% yoy), resulting from two separate effects: there was a decrease of 3,4% on the import of consumer goods, but an increase of 16,4% on capital goods and 1,5% on intermediate goods. At the end of the year, IMF expects a current account balance surplus of 5,2% of GDP.

In 2020 there was an aggravation of Angola's external debt: according to BNA's most recent data, external debt was at the end of 2020 USD 67,2 billion, which represents an increase of 3,9% compared with 2019 (USD 64,7 billion). As a percentage of GDP, the deterioration is even more severe due to the Kwanza depreciation (-25,8% in 2020), which originated a decrease in the GDP measured in USD. According to the IMF, the external debt as a percentage of GDP is estimated to have closed 2020 at 135%, and the forecast for 2021 is 113%.

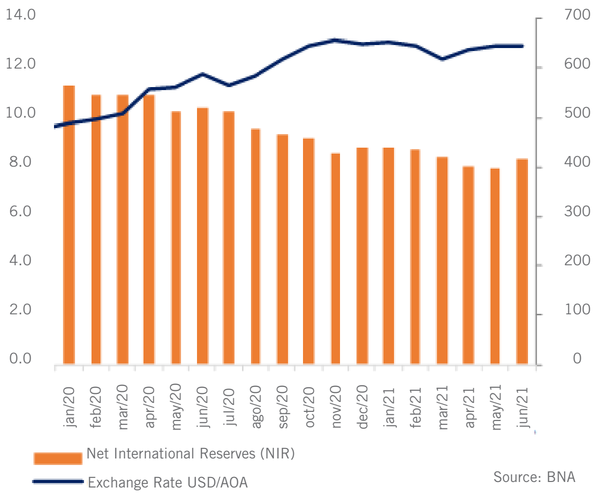
Regarding the performance of the Net International Reserves (NIR), in the first semester of 2021 it fell USD 454 million comparing to the end of 2020, reaching a net amount of USD 8,3 billion (-5,2%). In the foreign exchange sector, between January and June of 2021, Kwanza has been relatively stable, even registering a slight appreciation against the dollar (+0,6%), and a little more against the euro (+3,8%); the exchange rates at the end of the semester were USD/AOA 646 and EUR/AOA 767,9. Aditionally, the spread between the informal and formal markets decreased from 22,1% in December 2020 to 7,3% in June 2021.

Current Account Balance
Percentage of GDP



Source: IMF

International Reserves and Exchange Rates
Billions USD; USD/AOA

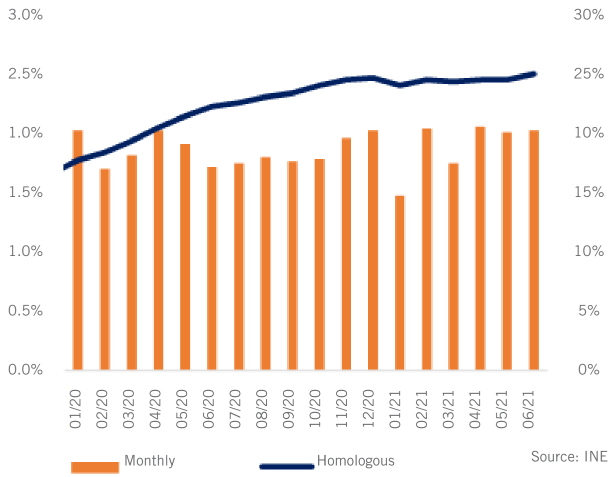


Source: BNA

Public Accounts, Inflation and Interest Rates

According to preliminary figures from the Ministry of Finance, in 2020 Angola registered a deficit of AOA 0,64 billion, which represents 1,9% of GDP, thus driving the public accounts to a negative balance after two years of positive balances (surpluses of 2% and 0,8% in 2018 and 2019 respectively). Inversely, the primary balance (excluding interest expenditures) achieved a surplus for the third consecutive year, of AOA 1,67 billion (4,9% of GDP), but 1,4 p.p. lower than the one registered in 2019 (6,3% of GDP). In 2021, due to the increase in oil prices on international markets, a recover of the public accounts balance is expected

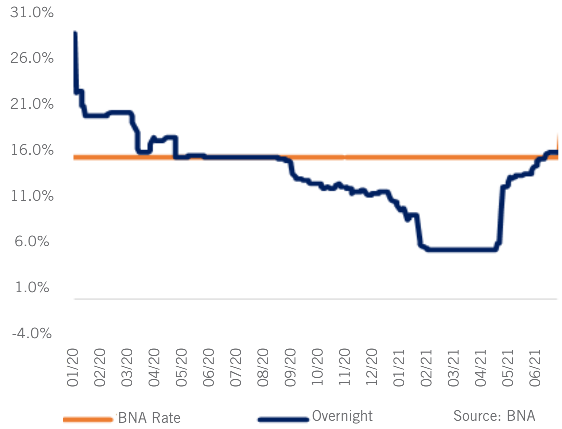
National Inflation
Percentage



The government budget was built under the assumption of a fairly conservative oil price for 2021 (USD 39), whilst the real price was, at the end of the first semester, USD 65. Execution data of the budget for the first quarter of the year estimates a surplus of AOA 212 billion.

In the first semester of the year inflation rates have accelerated, maintaining an average inflation rate of 24,9%, 2,7 p.p. above the average for 2020 (22,2%), and 7,8 p.p. above the average for 2019 (17,1%). When compared with the same period of 2020, and in spite of a slight decrease from January to March, there was a global increase considering the semester as a whole, with the largest variation occuring in April (2,09%, the highest variation since September 2018). Food and non-alcoholic beverages have been the main driver for this escalation, having a weight of 68% on the index, and presenting an average monthly variation of 2,4% during the first semester of 2021.

BNA Reference Interest Rate
Percentage



n order to face the continuous rise in inflation, the Monetary Policy Committee (MPC) of BNA (Banco Nacional de Angola) has promoted two meetings in the first semester of the year to alter some of its monetary policy instruments. For example, on the meeting held in March, BNA decided to increase its 7-day liquidity absorption interest rate from 7% to 12%. Furthermore, in the meeting held in May, the MPC decided to not only raise the minimum reserve requirement coefficient in foreign currency from 17% to 22%, but also increase the government balances minimum reserve coefficient to 100%, versus the original 22%. Finally, BNA decided to revise its inflation prediction for the end of 2021 from 18,5% to 19,5%. It is expected for BNA to continue with this restrictive monetary policy throughout the year, in order to control the inflationary pressure arising from the markets.

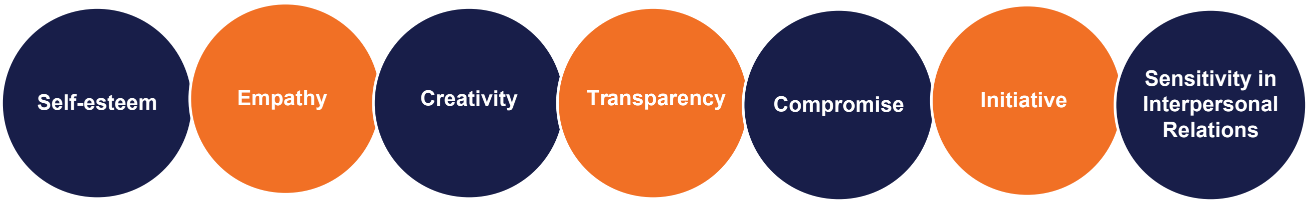
04
HUMAN CAPITAL

HUMAN CAPITAL

HUMAN CAPITAL STRATEGY

BFA's Employees are recognized as the Bank's most valuable asset, helping BFA to successfully achieve its goals with their daily contribution. In fact, BFA has been implementing, over the last few years, processes of continuous valorization, strengthening of skills, and the promotion of a culture of excellence with these being the characteristics that have guided our performance throughout our 28 years of existence.

The first half of 2021 continued to be a period of adaptation of the Bank's daily activity and its processes, which included the collaboration of all the Bank's Employees, and was based on the following basic principles:



The Bank maintained as one of its key priorities the implementation of contingency measures in order to guarantee the safety of its Employees. In addition to the measures already implemented in 2020, in the first half of 2021 the Bank continued with the implementation of workshops to reinforce the BFA Values, with the objective of aligning the expected behaviors of its Employees given the new context of the Bank's activity.

Additionally, and in order to keep its Employees motivated during this new context and facing reduced teams, the Human Capital Department is currently promoting a mobility program between the various departments of the Bank.

This process consists of the following principles:

• **Strengthening of the BFA's Culture** – Implementation of workshops to reinforce the BFA's Values with the aim of aligning expected behaviors;

• **Adaptability** – challenge in terms of managing people in a context of health crisis and the ability to adapt quickly; management of the various work formats and service by appointment; providing telework conditions that allow the performance of critical functions for business continuity;

• **Reinforcement of biosafety measures** in order to ensure the well-being of Employees, with regard to health and safety at work;

• Keep **motivation** taking into account the current context and reduced teams;

• Prepare our people for the new normal.

It continues to be one of BFA's main objectives, to ensure compliance with contingency and safety measures and to develop its Employees for the new reality imposed by the pandemic, through actions such as:

• **Re-learning** - inspire and guide the transformation of our Employees;

• **Culture, Inspiration and Engagement -** reinforce a culture of mutual help, which should be the tool of excellence of our Employees' intrinsic motivation in order to contribute to a better collaborative environment and increase their feelings of pride and belonging

• **Collaborative Network** - guarantee the structure of a collaborative network that allows its own regulation and sustainability through complementarity, adding value to the Bank's corporate mission;

• **Adaptability** - develop an agile attitude within the teams, ensuring greater ability to respond to the needs and expectations of customers and promoting self-improvement;

• **Digitalization** - enhancing digital skills in order to improve collective and individual performance, as well as BFA's technological progress;

• **Implementation of several digital HR solutions, supported by SAP Success Factors;**

• **Client** - provide clients with differentiating experiences with an impact, even in an adverse context;

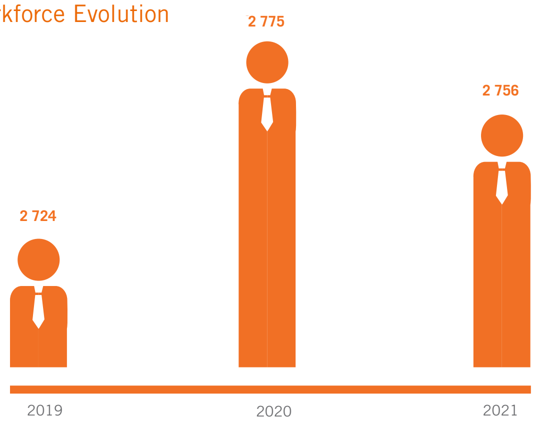
• **Employee Experience** - improve Employees' relationships and experience;

• **Ambition -** promote critical thinking and willingness to be the agent of transformation, as well as strengthen teams through greater autonomy and accountability.

2021 IN NUMBERS

In the first half of 2021, the Bank registered 2.756 Employees, a decrease of 0,7% compared to the end of the previous year.

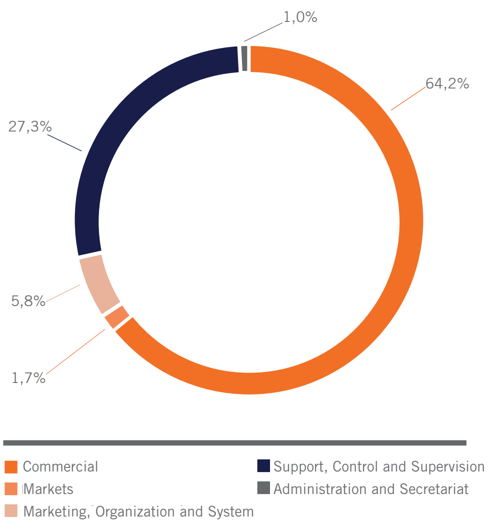
Workforce Evolution



Of the total number of Employees at the end of the 1st half of 2021, BFA's greatest driving force comes from the Commercial areas, representing 64,2% of the Employees. The Support, Control and Supervision areas have 27,3% of Employees, and the remaining 8,5% are allocated to other areas such as Marketing, Organization and Systems and Administration and Secretariat.

Distribution of the Workforce by Area of Activity in the 1st Half 2021

Percentage



Mobility Programs

In order to promote the motivation, intellectual growth and career management of its employees, the Human Capital Department has been promoting their mobility between the various departments within the Bank. Through these actions, the Bank hopes to achieve a greater degree of commitment and motivation on the part of its Employees.

At the end of the first half of 2021, there were 88 Employees going through mobility processes, with greater emphasis on the mobility between the Commercial Network and the Support Areas.

Promotions and Appointments

Regarding the career process, the performance assessment for the year 2020 culminated in the appointment of 77 Employees in the Bank's different Departments. Of these appointments, we highlight the appointment of 29 Coordinators from the various Departments, which demonstrates the Bank's strong commitment to its staff.

Trainees Programs

The trainee program was launched in May 2019, aiming to identifying and recruiting young national talents in order to strengthen the Bank's workforce. The formative part of the program is aimed at qualifying trainees for the financial market, as well as associating them with BFA's values, mission, and culture.

Within the scope of this initiative 50 trainees were selected, who for 12 months were inserted in projects in the various Departments to which they were allocated. Of these, 46 were selected, who since the first half of 2021 have been part of BFA's permanent staff structure.

Training

BFA Academy

The BFA Academy is a top-level body in the Bank's organic structure, and its mission is to develop and provide training solutions, in the form of a set of schools and knowledge, which embrace all the different areas of the business. The Academy is responsible for continuously stimulating the talent of the Bank's Employees, so as to create value for the business, giving BFA greater competitiveness in global markets.

One of the main pillars of the Academy is to provide training to all Employees of the institution (encompassing all locations nationwide), either by identifying the need for individual development actions, or by Employee's self-interest in optimizing their proficiency levels of their various skills. In this way, it is possible to interconnect the organization's strategy with the development of its Employees. This process is achieved through the construction of training pathways relevant to the business, and establishing a set of partnerships of excellence, capable of providing an integrated offer of training and development services for BFA Employees.

In 2021, the preparation of the multiannual training plan was started, and its key guideline is to ensure greater stability in training policies, in line with the Bank's vision and pursuit of the principles of development and training of its Employees.

Training Courses Held

In the 1st semester of 2021, when compared to the 2nd semester of 2020, there was an increase in enrollments of around 49,10%, but a decrease of 46 training actions developed compared to the 2nd semester 2020, translating into a program consisting of broader training actions.

With regard to the duration of the actions, they had a shorter duration, around 34,7% less than in the 2nd half of 2020.

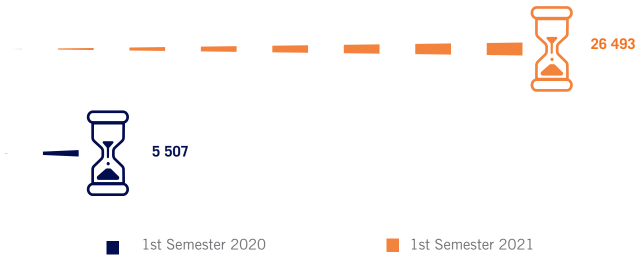
Total Trained Staff and Training Hours

Compared to the same period last year, the Bank achieved a 161% increase in the number of Employees in training, which represents a total of 2.612 Employees in training, compared to 1.002 in the first half of 2020.

In terms of the number of hours of training, in the first half of 2021, a total of 26.493 hours were taught. The Bank is focused on providing new digital solutions that enable Employees to have access to training, continuing the Bank's ambition to educate its human capital and improve its skills.

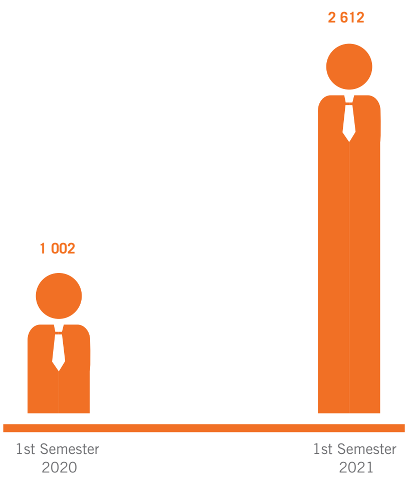
Training Hours

Number of hours



Trained staff

Number of employees

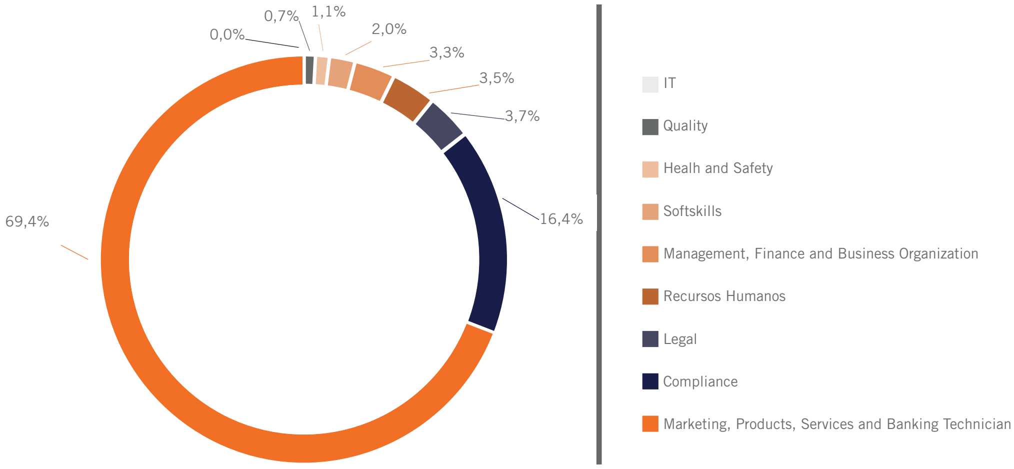


In the 1st half of 2021, investment in training was mainly in the areas of Marketing, Products, Services and Banking Techniques, and Compliance, representing, respectively, 69,4% and 16,4% of the total training hours, and covering respectively 1.845 and 1.948 Employees from the four functional groups.

Employees in Training per Subject
Number of emplyees

Training Hours per Subject
Number of hours

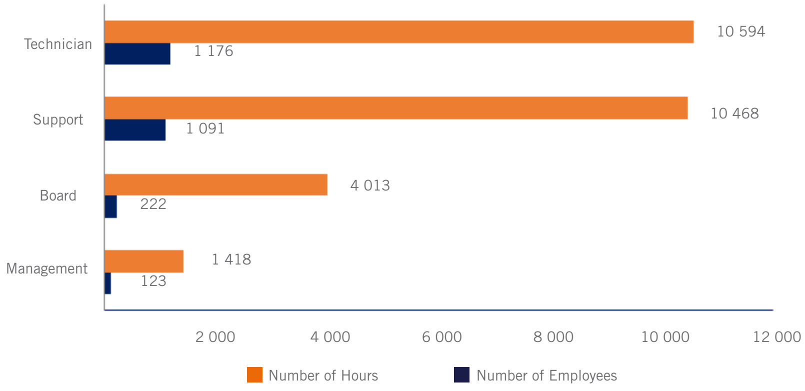
Distribution of Training Hours per Subject
Percentage



In the first six months of 2021, the functional groups with the greatest representation in the training program were the Technician and Support groups, corresponding to 45,0% and 41,8% of the attendance, respectively.

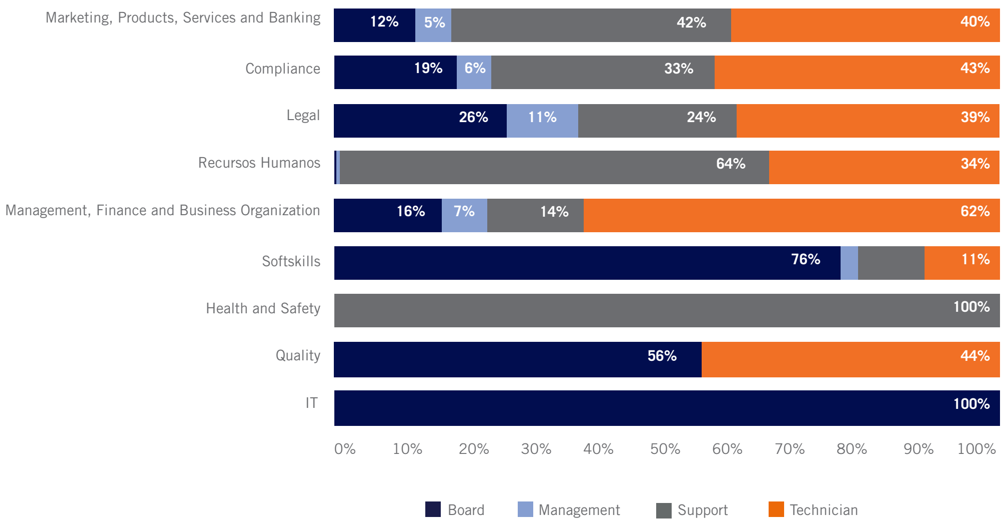
Attendance per Functional Group

Number of Hours and Number of Employees



Attendance per Subject and Functional Group

Percentage



The distribution of attendance by training area and functional group reflects the investment made in the Management functional group, namely in the behavioral, qualitative, risk management and IT areas. However, when it comes to more technical components, namely Compliance issues or issues related to the rules that govern the Bank's internal functioning, there is a greater coverage of the technical and support functional groups.

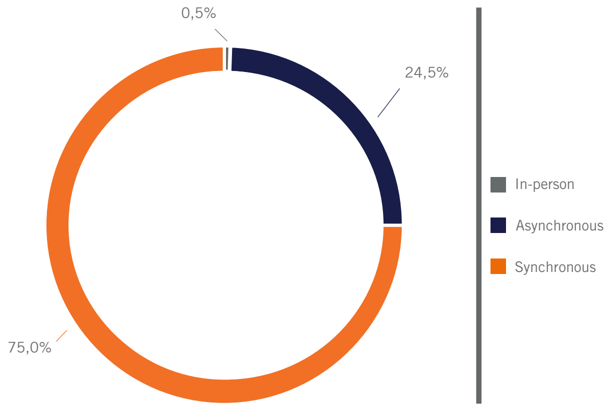
Of the actions given, the mandatory training program, such as the Anti-Money Laundering course and the Code of Conduct course, had the greatest scope, as they were transversal to the entire Bank.

Methosology

During the 1st semester of 2021, as in the 2nd semester of 2020, priority was given to distance learning, using remote training with synchronous and asynchronous sessions.

It is expected that, in the 2nd semester of 2021, due to the context related to the pandemic, distance learning will still be used, but with a possible opening for some in-person and/or hybrid (distance learning and in-person).

Regarding the number of hours invested in training actions, the training sessions that stood out the most were those with synchronous sessions (75,0%), that is, those that had real-time monitoring by the trainer by means of tools such as Skype for Business, Webex, Zoom and Microsoft Teams. With regard to training in eLearning (asynchronous sessions) there was a frequency of around 24,5% and an almost inexpressive frequency of in-person training (about 0,5%).



Trainings Conducted During the Semester

AML

Anti-Money Laundering (AML) is a training in eLearning format, with the objective of making BFA employees aware of the set of laws, regulations and procedures to prevent criminals from converting illegally obtained funds in legitimate income.

International PDA Analyst Certification – PDA 14

Training in the PDA (Personal Development Analysis) tool, which allows psychometric assessment and analysis.

Code of Conduct

Training fundamentally based on BFA's Culture and Values, aiming to encourage compliance by the Bank's employees with its standards and conduct, in order to ensure the proper functioning of the organization. In the first half of 2021, 143 employees took part in this training.

GA Investment Fund

Training with the aim of introducing employees in the commercial area to the characteristics of the new investment fund developed by the Asset Management Department, so that they acquire the necessary skills for its commercialization.

Receptionists and Secretaries Course

Training that consisted of developing behavioral, transversal and specific skills, as well as the technical skills of secretaries and receptionists. This training aimed to ensure better working life conditions and ease in the day-to-day of these employees, as well as the internalization of communication norms and rules, active listening, and the difference between flexibility and rigor.

Private Banking

Program provided by Católica Porto Business School, aimed at the members of the Private Banking Department. This program consisted of synchronous and asynchronous sessions, as well as content and experience sharing, through webinars and inspirational talkings.


Kz

05

FINANCIAL REVIEW

Financial Review

Assets

AOA 2 793 710,5 Million
+ 10,6%
vs June 2020

Customer Funds

AOA 2 142 349,1 Million
+ 11,0%
vs June 2020

Net Operating Revenue

AOA 124 015,5 Million
- 7,4%
vs June 2020

Total Loans

AOA 441 691,4 Million
+ 7,3%
vs June 2020

Net Profit

AOA 62 622,9 Million
- 13,9%
vs June 2020

Regulatory Capital Adequacy Ratio

38,3%
- 25,5 p.p.
vs June 2020

In the first half of 2021, BFA presented a positive financial performance compared to the previous year, with an overall growth of assets of 10,6%, reaching AOA 2.793.710,5 million (USD 4.324,6 million). However, in USD the downward trend continued, having decreased from USD 4.359,9 million in the first six months of 2020 to USD 4.324,6 million in the same period of 2021, representing a reduction of 0,8%. This difference reflects the depreciation of the national currency against the USD, which has a particular impact with regard to customer resources and credit granted to customers. In general, throughout the first half of 2021, the depreciation recorded in the national currency continued to condition the Bank's activity, which is demonstrated through the comparative analysis of the evolution of the main indicators.

Regarding Liabilities, Customer Deposits registered an increase of 11,0% compared to the same period of the previous year, from AOA 1.929.766,5 million to AOA 2.142.349,1 million in June 2021.

On the other hand, and contrary to the evolution recorded in the first half of 2020, the Net Operating Income (which encompasses the Financial and Complementary Margin), recorded a decrease of 7,4% in the first six months of 2021, which was boosted by the 29,2% decrease in the Complementary Margin.

In terms of credit, the value of BFA's total loan portfolio increased by 7,3%, relative to the same period of the previous year, reaching a value of AOA 441.691,4 million. This increase was particularly boosted by the increase in Loans to Customers in Local Currency and Guarantees Given, having increased by 26,3% and 83,0% respectively, representing gross increases of AOA 58.556,5 million and AOA 38.146,7 million.

With regard to the relationship between Resources and Loans, there was an increase of 0,5% in the volume of Loans to Customers, as well as an increase of 11,0% in Customer Deposits. This reflected in Loan-to-deposits Ratio of 16,7% having decreased by 2,3 pp between June 2020 and June 2021.

Net Profit recorded a decrease of 13,9% in the first six months of 2021, having reached AOA 62.622,9 million. The Regulatory Solvency Ratio, calculated in accordance with the regulations published by the BNA, reached 38,3%, a value comfortably above the minimum 10,0% required, but below the 63,9% recorded in June 2020.

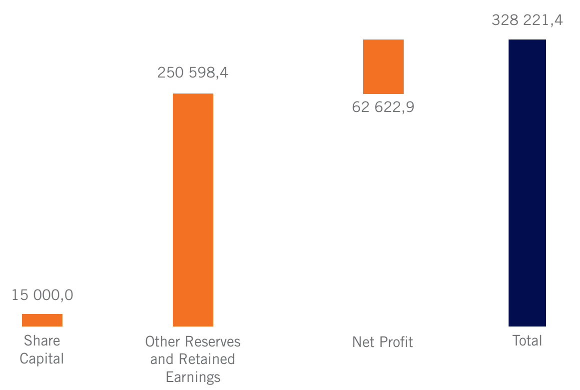
Note: Given the close link between the Angolan market and the US dollar, the financial review is presented in both currencies: AOA and USD. It should be noted, however, that given the sharp depreciation of the local currency, an item may increase in value in AOA and yet decrease in value in USD. This occurs when the depreciation of the local currency against the USD outweighs the increase in the amount in local currency. The opposite may also occur.

BALANCE SHEET'S ROBUSTNESS AND RESILIENCE

BFA Balance Sheet from 2020 to 2021
Values in millions

	Jun 2020		Jun 2021		Δ% 20-21	
	AOA	USD	AOA	USD	AOA	USD
Assets Net of Provisions						
Cash and Balances	388.531,0	670,5	545.391,7	844,3	40,4%	25,9%
Total Short-term Deposits	2.083.642,9	3.595,9	2.195.999,0	3.399,4	5,4%	-5,5%
Deposits with Credit Institutions	573.688,0	990,1	574.756,4	889,7	0,2%	-10,1%
Loans and Advances to Customers	322.409,7	556,4	306.622,0	474,7	-4,9%	-14,7%
Investments in Securities	1.187.545,2	2.049,4	1.314.620,7	2.035,0	10,7%	-0,7%
Net Fixed Assets	29.415,1	50,8	31.345,2	48,5	6,6%	-4,4%
Other Assets	24.769,9	42,7	20.974,5	32,5	-15,3%	-24,0%
Total Assets	**2.526.358,8**	**4.359,9**	**2.793.710,5**	**4.324,6**	**10,6%**	**-0,8%**
Liabilities	**2.045.519,0**	**3.530,1**	**2.465.489,1**	**3.816,6**	**20,5%**	**8,1%**
Funds from Credit Institutions	3.379,7	5,8	19.198,4	29,7	468,0%	409,5%
Customer Deposits	1.929.766,5	3.330,3	2.142.349,1	3.316,3	11,0%	-0,4%
Other Liabilities	86.518,7	149,3	262.589,2	406,5	203,5%	172,2%
Provisions for Risks and Charges	25 854,1	44,6	41.352,4	64,0	59,9%	43,5%
Shareholders' Equity and Equivalents	480 839,8	829,8	328.221,4	508,0	-31,7%	-38,8%
Total Liabilities and Equity	**2.526.358,8**	**4.359,9**	**2.793.710,5**	**4.324,6**	**10,6%**	**-0,8%**

Shareholders' Equity
Values in millions



In the first six months of 2021, BFA's Total Assets increased by 10,6% compared to June 2020, which reflects a growth of AOA 267.351,7 million, which was essentially composed of the increase in the volume of Cash and Balances, and Investments in Securities, representing an increase of AOA 156.860,7 million and AOA 127.075,5 million respectively. However, when analyzed in USD, we see that Total Assets did not register a significant change, having decreased by 0,8%.

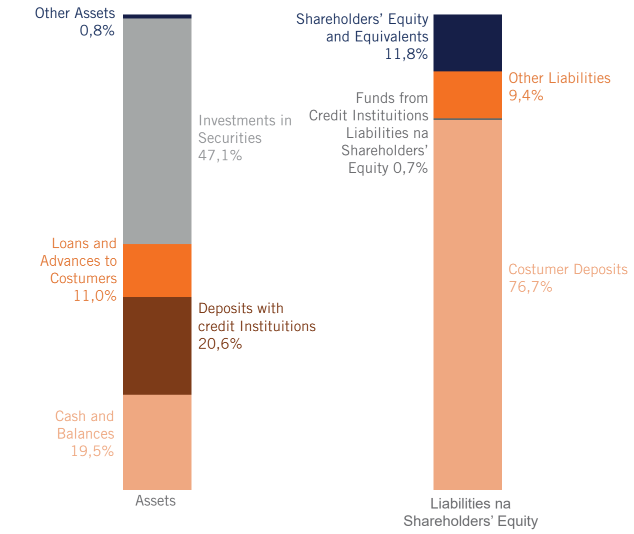
In relation to Liabilities, the 20,5% growth recorded was mainly explained by the evolution of Customer Deposits, which represent around 76,7% of Total Liabilities and Equity.

Shareholders' Equity and Equivalents, mainly composed of Other Reserves and Retained Earnings, presented a negative variation of 31,7% compared to the same period of the previous year, totaling AOA 328.221,4 million (USD 508,0 million). This decrease results from the extraordinary distribution of dividends approved by the Bank's shareholders, in the total amount of AOA 160.500,0 million.

As with Total Assets, the amount in USD of Liabilities and Equity represent a slight decrease compared to the previous year. This difference in behavior is explained by the exchange rate depreciation in recent months relative to the AOA, as mentioned above.

Overall, the analysis of the structure of BFA's Balance Sheet, as of June 2021, shows the continuation of a liquidity strategy which, in line with the Bank's policy, allows the financing of 88,4% of the Asset structure through the combination of Customer Deposits and Shareholders' Equity.

BFA Balance Sheet Structure in June 2020
Percentage



Strengthening of the Securities Portfolio

The total volume of securities in the portfolio increased by around 10,7% compared to June 2020, with a total value of AOA 1.314.620,7 million. This increase was boosted by an increase of 11,7% in the Held-to-Maturity Securities Portfolio, this increase being justified by a 29,4% growth in Treasury Bonds (USD), as well as by the increase of 7,9% of Treasury Bonds (AOA), which together represent the entire Held-to-Maturity Securities Portfolio.

Regarding the Trading Portfolio, valued at AOA 260.826,3 million in June 2021, there was an increase of 6,9%, which also contributed to the overall increase in the value of the Total Securities Portfolio. This positive variation was due to the positive evolution of Treasury Bills, which went from AOA 39.746,2 million in June 2020 to AOA 113.083,2 million in June 2021. However, Indexed Treasury Bonds (USD) suffered a negative evolution of 57,4% in the same period, having gone from AOA 126.630,4 million to AOA 53.930,5 million.

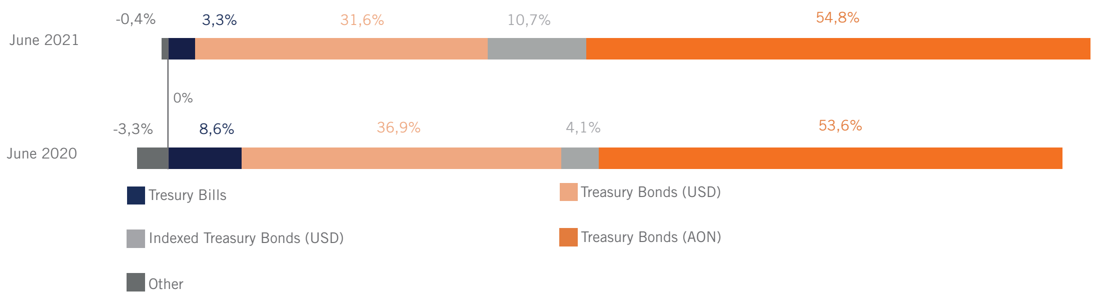
Compared to the same period of the previous year, we see that there was a slight increase in the Securities Portfolio in local currency, representing in June 2021 approximately 60,8% of the total (increase of about 2,7 pp compared to June 2020). On the other hand, there was a decrease in Indexed Treasury Bonds (USD), which represent in June 2021 4,1% of the total portfolio (a decrease of 6,6 p.p. compared to June 2020).

In terms of impairments, an amount of AOA 61.137,5 million was determined through IFRS9 modelling.

Securities Portfolio
Values in millions

	Jun 2020		Jun 2021		Δ% 20-21	
	AOA	USD	AOA	USD	AOA	USD
Trading Portfolio	**243.943,9**	**421,0**	**260.826,3**	**403,8**	**6,9%**	**-4,1%**
Treasury Bills	39.746,2	68,6	113.083,2	175,1	184,5%	155,2%
Treasury Bonds (USD)	-	-	-	-	-	-
Indexed Treasury Bonds (USD)	126.630,4	218,5	53.930,5	83,5	-57,4%	-61,8%
Treasury Bonds (AOA)	67.109,2	115,8	75.471,4	116,8	12,5%	0,9%
Other	10.458,1	18,0	18.341,2	28,4	75,4%	57,3%
Held-to-Maturity Securities Portfolio	**943.601,3**	**1.628,4**	**1.053.794,4**	**1.631,3**	**11,7%**	**0,2%**
Treasury Bills	-	-	-	-	-	-
Treasury Bonds (USD)	374.868,0	646,9	485.193,3	751,1	29,4%	16,1%
Indexed Treasury Bonds (USD)	-	-	-	-	-	-
Treasury Bonds (AOA)	583.560,3	1.007,1	629.738,7	974,8	7,9%	-3,2%
Impairment Provisions (IFRS9)	(14.827,0)	(25,6)	(61.137,5)	(94,6)	312,3%	269,9%
Total	**1.187.545,2**	**2.049,4**	**1 314 620,7**	**2 035,0**	**10,7%**	**-0,7%**

Securities Portfolio Structure in June 2021
Percentage



Securities Portfolio by Contractual Maturity
Values in millions

	< 1 year		1- 3 years		Over 3 years		Total	
	AOA	USD	AOA	USD	AOA	USD	AOA	USD
Treasury Bills AOA	91.141,0	141,1	-	-	21.942,2	34,0	113.083,2	175,1
Treasury Bonds AOA	-	-	50.706,6	78,5	654.503,5	1.013,2	705.210,1	1.091,7
Treasury Bonds USD	-	-	485.193,3	751,1	-	-	485.193,3	751,1
Treasury Bonds IKZ [1]	53.930,5	83,5	-	-	-	-	53.930,5	83,5
Others	-	-	-	-	-	-	-42.796,4	(66,3)
Total	**145.071,5**	**224,6**	**535.899,9**	**829,6**	**676.445,7**	**1.047,1**	**1.314.620,7**	**2.035,0**

[1]-Domestic currency securities indexed to foreign currency (USD)

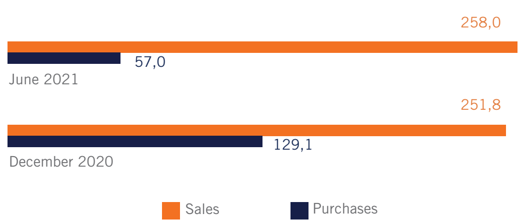
With regard to the contractual maturity of the Securities Portfolio, we found that in June 2021, about half of the portfolio corresponded to securities with a maturity of more than 3 years (49,8%), and 39,5% corresponded to a maturity between 1 and 3 years. The remaining 10,7% of the portfolio corresponded to securities with a maturity of less than 1 year, which tends to be the least relevant maturity category within the Bank's portfolio, but which showed a significant increase compared to June 2020 (+ 10,3 p.p.).

Financial Intermediation of Sovereign Debt

BFA, together with the Ministry of Finance, signed an agreement that designates the Bank as the Preferred Operator of Treasury Securities. This agreement not only improves the procedure for issuing public debt and attracting funding, by expanding the investor base, but also optimizes the interest rates on public debt instruments. This certification awarded to the Bank by the Public Debt Management Unit, together with BODIVA and BNA, focuses BFA on the public debt market and reinforces its role as market maker.

In December 2020, BFA reported a volume of public debt traded of USD 380,9 million, which represents a decrease compared to the figure recorded in 2019. In 2021, BFA continued the intermediation of public debt with its Customers, with a total transacted of USD 315,0 million in the first half of the year, which represents 82,7% of the total value for 2020. In relation to debt purchases, the Bank reached only 44,2% of the total value of purchases registered in 2020, while in terms of sales, the value already surpassed that of 2020, corresponding to an increase of 2,4%.

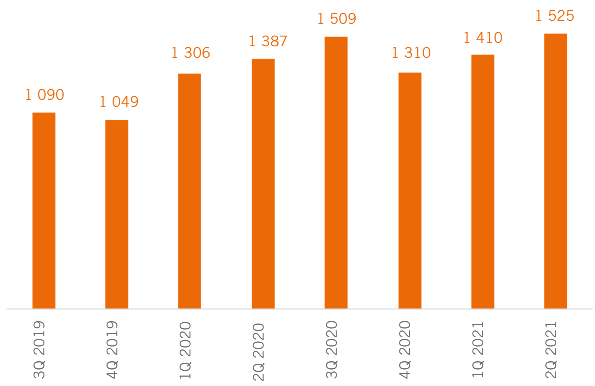
Public Debt Operations with Clients
Values in millions



BODIVA

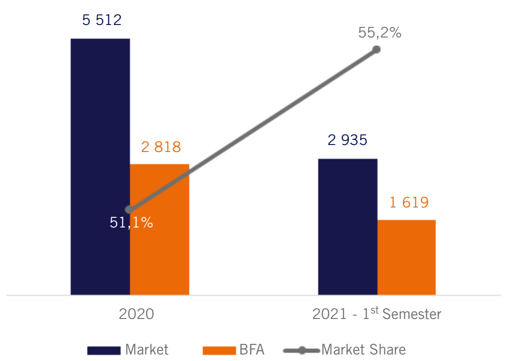
In the first half of 2021, BODIVA registered a total of 2.935 deals. In 2020, this indicator registered a total of 5.512 transactions, that is, the turnover up to June 2021 represents 53,2% of the total for 2020. Additionally, the first two quarters of 2021 represent a slight increase compared to both first quarters of 2020.

Number of Transactions per Quarter



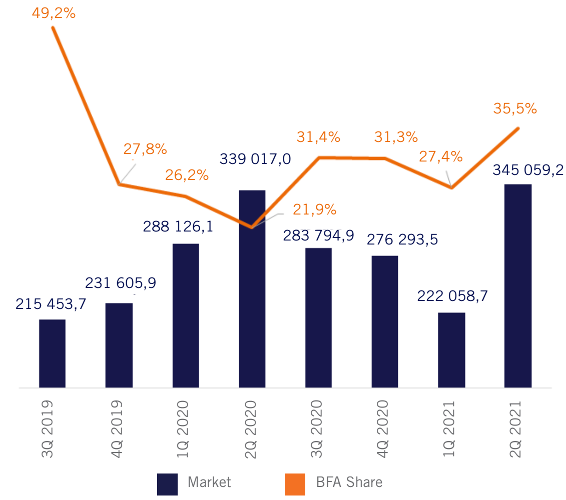
Of the total businesses carried out in the first half of 2021, 55,2% were carried out by BFA, reflecting the Bank's ability to offer its customers access to the capital market, as well as the importance that BFA attaches to the dynamization of the Angolan capital market. This volume represents an increase in BFA's market share by 4,1 p.p. compared to December 2020.

Total Number of Transactions

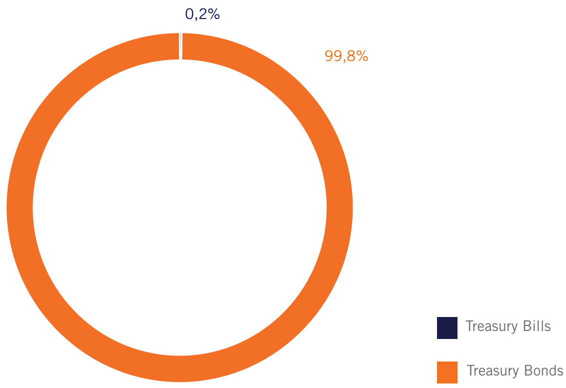


Analyzing the total amount traded in the first half of 2021 on BODIVA, it appears that BFA registered a significant increase in transactions compared to the first half of 2020, corresponding to 41,3%.

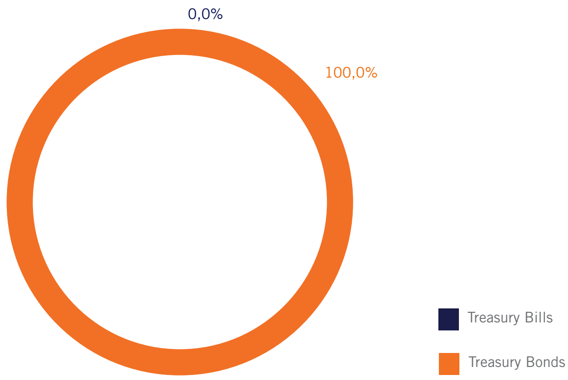
Accumulated Amount Transacted



Distribution of the Number of Transactions



Distribution of the Amount of Transactions

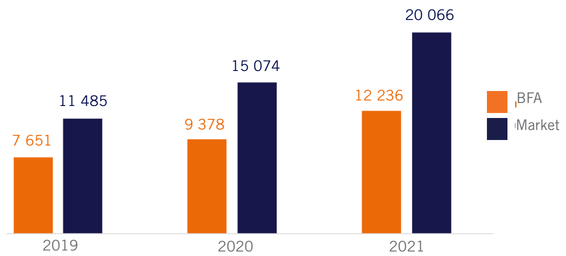


Analyzing the typology of trades carried out during the first half of 2021 in terms of number of trades, there is a predominance of trades on Treasury Bonds almost entirely (99,8%), with Treasury Bills corresponding to only 0,2% of the deals. Regarding the distribution of the amount negotiated, the predominance of Treasury Bonds remains, having increased to essentially 100%, at the expense of Treasury Bills.

CEVAMA Accounts

The number of accounts opened with CEVAMA (BODIVA's Securities Center) has increased since its introduction in 2016. In the first half of 2021, the number of market accounts increased by 33,1%, with the number of registered accounts of BFA followed this trend, having increased by 30,5%. In this way, BFA continues to represent the majority of accounts, with a market share of 61,0%, which represents, however, a decrease of 1,2 p.p. compared to the end of 2020.

Number of Open CEVAMA Accounts



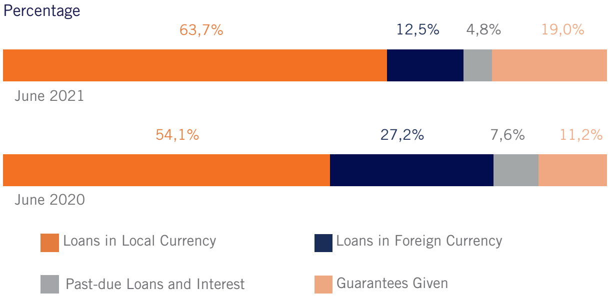
Expansion of Credit in Domestic Currency

The volume of Total Loans recorded, in the first half of 2021, an increase of AOA 29.922,6 million, which represents a positive variation of 7,3% compared to the same period of the previous year. This increase is explained by the increase in Credit in National Currency, which increased by around 26,3% compared to the previous year, and which represents an increase of AOA 58.556,5 million, as well as by Credit by Signature, which increased by 83,0% (corresponding to AOA 38.146,7 million). Regarding Credit in Foreign Currency, there was a decrease of 50,8%, which represents a decrease of AOA 56.962,4 million. This strategy highlights the continuity of BFA's support to the national economy, even in an adverse economic context.

Loans and Advances to Customers
Values in millions

	Jun 2020		Jun 2021		Δ% 20-21	
	AOA	USD	AOA	USD	AOA	USD
1. Total Loans	**411.768,7**	**710,6**	**441.691,4**	**683,7**	**7,3%**	**-3,8%**
1.1 Loans and Advances to Customers	334.709,6	577,6	336.303,7	520,6	0,5%	-9,9%
Loans in Local Currency	222.591,6	384,1	281.148,1	435,2	26,3%	13,3%
Loans in Foreign Currency	112.118,0	193,5	55.155,6	85,4	-50,8%	-55,9%
1.2 Past-due Loans and Interest	31.105,9	53,7	21.287,7	33,0	-31,6%	-38,6%
1.3 Guarantees Given	45.953,3	79,3	84.100,0	130,2	83,0%	64,2%
2. Total Loan Loss Provisions	**43.805,2**	**75,6**	**51.052,7**	**79,0**	**16,5%**	**4,5%**
2.1 Specific Provisions	43.405,8	74,9	50.969,4	78,9	17,4%	5,3%
For Past-due Loans and Interest	18.390,9	31,7	24.856,7	38,5	35,2%	21,2%
2.2 For General Credit Risks	399,5	0,7	83,3	0,1	-79,2%	-81,3%
3. Loans Net of Provisions	**322.409,7**	**556,4**	**306.622,0**	**474,6**	**-4,9%**	**-14,7%**
Of which: Past-due Loans and Interest	31.105,9	53,7	21.287,7	33,0	-31,6%	-38,6%
4. Credit Quality						
Past-due Loans (% Total Loans)	8,5%	8,5%	6,0%	6,0%	-2,6 p.p.	-2,6 p.p.
Provision Coverage Ratio of Past-due Loans	140,8%	140,8%	239,8%	239,8%	99,0 p.p.	99,0 p.p.

Loan Portfolio Structure
Percentage



In 2021, Past-due Loans decreased significantly, with a lower volume in the first 6 months of 2021 than in the same period of the previous year, with a decrease of AOA 9.818,2 million. This decrease in Past-due Loans in the weight of the credit portfolio led to a 2,6 p.p. decrease in the ratio of Past-due Loans for more than 30 days as a percentage of Total Loans (excluding Guarantees Given), to stand at 6,0% in June 2021.

The Provision Coverage Ratio of Past-due Loans increased by 99,0 p.p. compared to 2020, standing at 239,8%.

Deposits with Credit Institutions

During the first half of 2021, Deposits with Credit Institutions (CI) remained constant compared to the same period of the previous year (change of +0,2%), totaling AOA 574.756,4 million (USD 889,7 million). However, there was an increase in the volume of Foreign Deposits with CI's, which, together with a decrease in National Deposits with CI's, kept the total volume of Deposits with CI's practically unchanged.

Deposits with Credit Institutions
Values in million

	Jun 2020		Jun 2021		Δ% 20-21	
	AOA	USD	AOA	USD	AOA	USD
Deposits with Credit Institutions	**574.292,9**	**991,1**	**575.351,4**	**890,6**	0,2%	-10,1%
National	56.139,8	96,9	50.234,0	77,8	-10,5%	-19,7%
Foreign	518.153,1	894,2	525.117,3	812,9	1,3%	-9,1%
Impairments (IFRS9)	**(604,8)**	**(1,0)**	**(595,0)**	**(0,9)**	**-1,6%**	**-11,8%**
Total	**573.688,00**	**990,1**	**574.756,40**	**889,7**	**0,2%**	**-10,1%**

Note: Excludes applications in REPOS

Customer Funds

Customer Funds registered an increase of 11,0% compared to the first half of 2020, reaching a total of AOA 2.142.349,1 million (USD 3.316,3 million) in 2021. This increase occurred through Term Deposits, which registered a positive variation of 25,2%, as opposed to Current Account Deposits, which registered a decrease of 3,3%.

Customer Funds Customer Funds
Values in millions

	Jun 2020		Jun 2021		Δ% 20-21	
	AOA	USD	AOA	USD	AOA	USD
Current Account Deposits	**962.829,3**	**1.661,6**	**931.469,5**	**1.441,9**	**-3,3%**	**-13,2%**
Domestic Currency	691.151,8	1.192,8	592.014,5	916,4	-14,3%	-23,2%
Foreign Currency	271.677,5	468,9	339.455,0	525,5	24,9%	12,1%
Term Deposits	**966.937,2**	**1.668,7**	**1.210.879,6**	**1.874,4**	**25,2%**	**12,3%**
Domestic Currency	182.585,7	315,1	314.380,1	486,7	72,2%	54,4%
Foreign Currency	784.351,5	1.353,6	896.499,5	1.387,8	14,3%	2,5%
Total	**1.929.766,5**	**3.330,3**	**2.142.349,1**	**3.316,3**	**11,0%**	**-0,4%**

Analyzing the structure of Current Account Deposits by currency, in the first six months of 2021, there is a 14,3% decrease in Current Account Deposits in Domestic Currency, as opposed to Current Account Deposits in Foreign Currency, which showed an increase of 24,9%. Thus, Current Account Deposits in Domestic Currency registered a total of AOA 592.014,5 million while Demand Deposits in Foreign Currency registered a total of AOA 339.455,0 million.

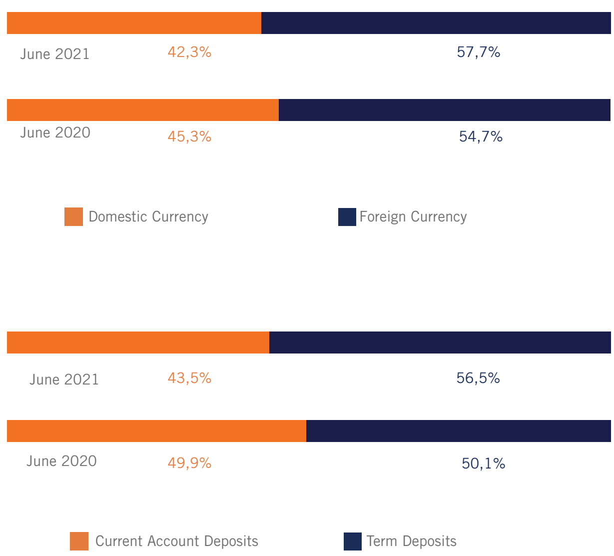
The evolution of Term Deposits registered a total increase of AOA 243.942,4 million, with the amounts invested in Domestic Currency increasing by 72,2% and the amounts invested in Foreign Currency showing an increase of 14,3% compared to the homologous period. It should be noted that this increase in the global value of funds is particularly influenced by the depreciation recorded in the national currency, as the increase in Term Deposits was only 12,3% when measured and analyzed in USD, and the decrease registered in Current Account Deposits was even more significant, having represented a drop of 13,2% in USD.

Of the total funds made up in the form of Deposits, there is a decrease in the relative importance of the Domestic Currency, which represents 42,3% of Customer Deposits, 3 p.p. below its weight in June 2020. Therefore, deposits in foreign currency continue to constitute the majority of Customer Funds, maintaining the trajectory seen in previous years. At the same time, Term Deposits represent the largest proportion of the Bank's deposit portfolio, with a weight of 56.5% of total Funds, which represents an increase of 5,4 p.p. compared to the same period of the previous year.

In comparative terms, the Loan-to-deposits Ratio registered in June 2021 decreased considerably in percentage terms, reaching 16,7%, compared to the value of 19.0% reached in 2020. This variation of 2,3 p.p. is explained by the decrease in the values of Loans Net of Provisions (-4,9%) compared to the increase observed in Customer Deposits (+11,0%).

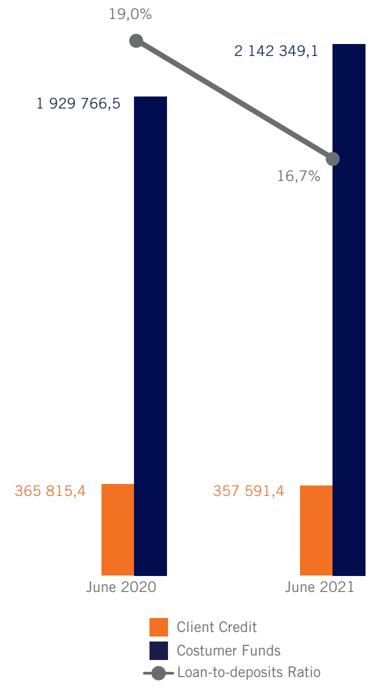
Composition of Customer Deposits by Product and Currency

Percentage



Loan-to-deposits Ratio

Values in millions



Income Statement

BFA's Net Income at the end of the first half of 2021 is equivalent to AOA 62.622,9 million (USD 98,2 million), which reflects a decrease in Kwanzas of 13,9%, or a decrease of 27,1% in USD, compared to the result in the same period in 2020.

Conta de Exploração

Valores em milhões

	Jun 2020		Jun 2021		Δ% 20-21	
	AOA	USD	AOA	USD	AOA	USD
Net Interest Income [NII]=[I-C]	86.931,7	161,4	90.743,6	142,3	4,4%	-11,8%
Net Non-Interest Income [NNI]	46.965,4	85,8	33.271,9	52,1	-29,2%	-39,3%
Operating Revenue [NOR]=[NII+NNI]	**133.897,2**	**247,2**	**124.015,5**	**194,4**	-7,4%	-21,4%
Administrative Expenses [AC]	42.258,6	78,7	48.833,1	76,5	15,6%	-2,8%
Operating Cash Flow [NOR-AC]	**91.638,6**	**168,5**	**75.182,4**	**118,0**	-18,0%	-30,0%
Extraordinary Profit/(Loss) [EP]=[O1-O2]	-	-	-	-	-	-
Operating Profit [OI]=[NOR-AC+EP]	91.638,6	168,5	75.182,4	118,0	-18,0%	-30,0%
Provisions and Depreciations [PD]	12.498,0	22,1	6.713,2	10,6	-46,3%	-52,2%
Profit before Taxes [IBT]=[OI-PD]	79.140,6	146,4	68.469,3	107,4	-13,5%	-26,7%
Tax on Profit [IT]	(6.429,5)	(11,6)	(5.846,3)	(9,2)	-9,1%	-21,4%
Net Profit [NI]=[IBT-IT]	72.711,1	134,8	62.622,9	98,2	-13,9%	-27,1%
Cash Flow for the Year [CF]=[NI+PD]	**85.209,0**	**156,9**	**69.336,1**	**108,8**	**-18,6%**	**-30,7%**

Note: I – Income from Active Financial Instruments, C – Costs from Passive Financial Instruments, O1 – Other Operating Income, O2 – Other Operating Losses

When compared to June 2020, we see that Net Interest Income registers in the first months of 2021 an increase of 4,4%. However, and on the contrary, the Net Non-interest Income registered a decrease of 29,2% in the first half of 2021, a decrease which negatively affected the Operating Revenue, which presents a value of AOA 124.015,5 million, less 7,4% compared to June 2020 (AOA 133.897,2 million).

Additionally, Administrative Expenses increased by 15,6%, having reached AOA 48.833,1 million in the first half of 2021, and worsening the Operating Cash Flow by 18,0% compared to the same period of the previous year.

In the period under analysis, the amount recorded in AOA for Provisions and Depreciations decreased by 46,3%, reaching the value of AOA 6.713,2 million. This decrease consists of a reversal of the trajectory observed in the 2019 and 2020 years.

After an increase in the tax amount in 2020, this item showed a decrease in both AOA (13,9%) and USD (27,1%).

Breakdown of Earnings

Values in % of total average assets

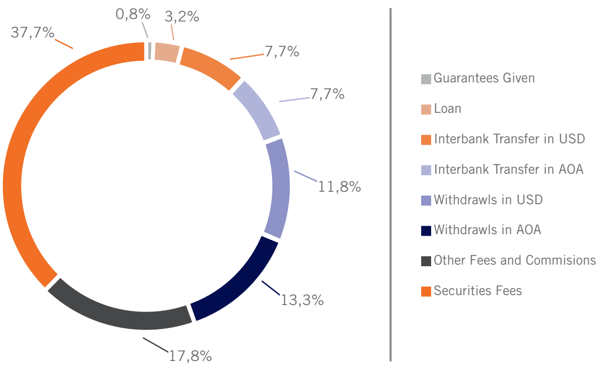
ROA e ROE	Jun 2020	Jun 2021
Net Interest Income	7,9%	6,6%
Net Trading Income	1,6%	0,4%
Fee and Commission Income and Other Income	2,6%	2,0%
Net Operating Revenue	**12,1%**	**9,1%**
Administrative Expenses	3,8%	3,6%
Operating Profit	**8,3%**	**5,5%**
Provisions and Depreciations	1,1%	0,5%
Extraordinary Income	0,0%	0,0%
Pre-tax Profit	**7,2%**	**5,0%**
Tax on Profit	-0,6%	-0,4%
Net Income (ROA)	**6,6%**	**4,6%**
Multiplier (ATM/FPM)	4,9	5,6
Net Profit attributable to shareholders (ROE)	**32,1%**	**25,7%**

In June 2021, there was a decrease in the profitability of the Bank's capital, with a ROE of 25,7%, 6,4 p.p. less than in the same period of 2020.

Regarding Fees, Commissions and Other Income, we see that 37,7% of its total comes from Securities Fees (2,6 pp increase compared to 35,1% in June 2020), and that 11,8% comes from Loans. Additionally, in the first half of the year, withdrawals in national and foreign currency accounted for a total of 8,5% of the total amount of Fees and Commissions, which represents a decrease of 2,5 p.p. compared to the same period of the previous year.

Breakdown of Fees and Other Income

Percentage



Net Interest Income

BFA's Net Interest Income corresponds to AOA 90.743,6 million, a figure AOA 3.811,8 million higher than that recorded in the same period in 2020, which translates into a positive variation of 4,4%. Despite this, due to the exchange rate depreciation, the same value in USD decreased by 11,8%, which represents a decrease of USD 19,1 million.

This growth is mainly due to the increase in the Treasury Bills item, incorporated in the Income component. This item increased by 330,5% compared to the same period of the previous year, from AOA 3.168,2 million in June 2020 to AOA 13.638,6 million in June 2021. Additionally, income from loans had a positive evolution, showing a growth from 28% to AOA 26.944,3 million.

On the other hand, the income from Treasury Bonds, which represents 62,1% of income (compared to 72,7% in June 2020), suffered a decrease of 5,4%, now standing at AOA 69.997,4 million.

From a cost perspective, there was an increase of 47,6%, the main reason for this variation being the growth in the Customer Deposits item, which increased to AOA 21.269,1 million.

Breaking down the evolution of BFA's Net Interest Income by business volume (volume effect) and spread (rate effect), the two components had two opposite effects: the Volume Effect represented an increase in net interest income of AOA 7.832,2 million, while the Rate Effect contributed to the net interest income with a decrease of AOA 4.020,4 million.

Breakdown of Net Interest Income

Values in millions

	Jun 2020		Jun 2021		Δ% 20-21	
	AOA	USD	AOA	USD	AOA	USD
Income From Financial Instruments (Assets) [I]	101.776,9	189,2	112.658,6	176,7	10,7%	-6,6%
Costs of Financial Instruments (Liabilities) [C]	14.845,1	27,8	21.915,1	34,3	47,6%	23,6%
Net Interest Income	**86.931,7**	**161,4**	**90.743,6**	**142,3**	**4,4%**	**-11,8%**

	Volume Effect	Rate Effetc	Δ
Interest-bearing Assets	8.538,3	2.343,4	10.881,8
Interest-bearing Liabilities	706,1	6.363,8	7.069,9
Δ Net Interest Income	**7.832,2**	**(4.020,4)**	**3.811,8**

Net Non-interest Income

Breakdown of Net Non-Interest Income

Value in millions

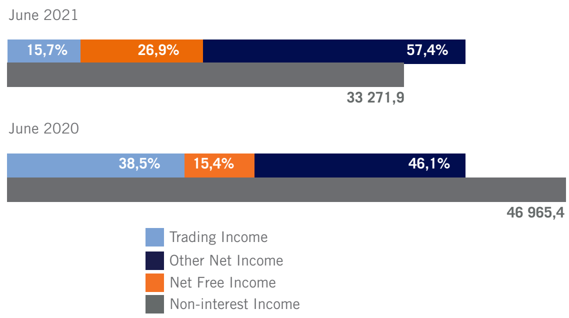
	Jun 2020		Jun 2021		Δ% 20-21	
	AOA	USD	AOA	USD	AOA	USD
Trading Income	18.102,6	33,0	5.225,8	8,0	-71,1%	-75,8%
Net Free Income	7.214,3	13,4	8.936,9	14,0	23,9%	4,7%
Other Net Income	21.648,6	39,4	19.109,2	30,1	-11,7%	-23,7%
Non-interest Income	**46.965,4**	**85,8**	**33.271,9**	**52,1**	**-29,2%**	**-39,3%**

In 2021, BFA's Net Non-Interest Income registered a decrease of 29,2% in the first half of the year when compared to the same period in 2020, which corresponds to an absolute variation of AOA 13.693,5 million (USD 33,7 million). This variation was essentially boosted by the 71,1% decrease in Trading Income, and in 2020, this metric represented approximately 38,5% of the Net Non-interest Income, representing 15,7% in 2021.

In June 2021, the Net Non-interest Income corresponded to a smaller proportion of the Net Operating Revenue, as a result of its decrease during the period of analysis, representing in June 2021 26,8% compared to 35,1% in June 2020, which shows a decrease of 8,3 p.p. in terms of proportion of the Net Operating Revenue in the first half of 2021.

Composition and Trend of Net Non-Interest Income

Values in millions



Operating Expenses

Breakdown of Operating Expenses

Values in millions

	Jun 2020		Jun 2021		Δ% 20-21	
	AOA	USD	AOA	USD	AOA	USD
Staff Costs (I)	26.607,2	49,6	30.034,1	47,0	12,9%	-5,1%
Third Party Supplies and Services (II)	15.651,4	29,1	18.799,0	29,4	20,1%	1,1%
Other General Expenses (III)	-	-	-	-	-	-
Operating Expenses Before Amortization and Deprec	42.258,6	78,7	48.833,1	76,5	15,6%	-2,8%
Amortization and Depreciation (V)	2.842,2	5,3	3.449,1	5,4	21,4%	2,7%
Total Operating Expenses (VI = IV+V)	**45.100,8**	**83,9**	**52.282,2**	**81,9**	**15,9%**	**-2,5%**
Cost Recovery (VII)	-	-	-	-	-	-
Administrative Expenses (VI-V-VII)	**42.258,6**	**78,7**	**48.833,1**	**76,5**	**15,6%**	**-2,8%**
Extraordinary Profit (loss)	-	-	-	-	-	-
Cost-to-income ratio	**33,7%**	**33,7%**	**42,2%**	**42,2%**	**8.5 p.p.**	**8.5 p.p.**

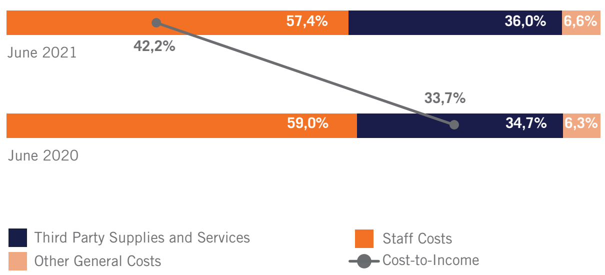
As a considerable part of Operating Expenses are denominated in foreign currency, their value continues to represent a significant amount, reflected by its 15,9% growth compared to the same period of 2020, from AOA 45.100,8 million to AOA 52.282,2 million. This increase is thus explained in part by exchange depreciation.

Staff Costs correspond to the item with the greatest weight in Operating Expenses in 2021, with a weight of 61,5%

In the first half of 2021, the Cost-to-income ratio was 42,2%, a value higher than that recorded in the same period of 2020 (33,7%), reflecting the decrease in Net Operating Income at the same time as an increase in Operating Expenses.

Cost-to-Income Ratio

Values in millions



Shareholders’ Equity and Equivalents

Total Shareholders’ Equity and Equivalents in June 2021 showed a decrease of 31,7% compared to the same period of the previous year, having reached AOA 328.221,4 million, which represents an absolute decrease of AOA 152.618,4 million compared to the same period of 2020. In USD, this item also presented a negative variation of USD 321,7 million compared to 2020, totaling USD 508,1 million in June 2021. As previously mentioned, this decrease results essentially from the extraordinary distribution of dividends approved by the shareholders of the Bank, in the total amount of AOA 160.500 million.

Regulatory Capital showed a negative variation in AOA of 33,0% compared to the previous year, with the value of this item being AOA 302.987,4 million June 2021.

The Regulatory Capital Ratio reached 38,3%, a value comfortably above the minimum 10% required, but below that verified in the same period of the previous year.

Breakdown of Shareholders’ Equity and Equivalent

Values in millions

	Jun 2020		Jun 2021		Δ% 20-21	
	AOA	USD	AOA	USD	AOA	USD
Capital	15.000,0	25,9	15.000,0	23,2	-	-10,3%
Funds	-	-	-	-	-	-
Reserves and Retained Earnings	393.128,7	669,2	250.598,4	386,7	-36,3%	-42,2%
Profit/ (loss) for the Period	72.711,1	134,8	62.622,9	98,2	-13,9%	-27,1%
Total	**480.839,8**	**829,8**	**328.221,4**	**508,1**	**-31,7%**	**-38,8%**

Capital Adequacy Ratio

Values in millions

	Jun 2020		Jun 2021		Δ% 20-21	
	AOA	USD	AOA	USD	AOA	USD
Core Capital (Tier 1)	452.051,5	780,1	302.907,4	469,0	-33,0%	-39,9%
Supplementary Capital (Tier 2)	-	-	-	-	-	-
Deductions from Tier 1 and Tier 2	(50,2)	(0,1)	(50,2)	(0,1)	-	-10,3%
Regulatory Capital	**452.001,3**	**780,1**	**302.937,2**	**468,9**	**-33,0%**	**-39,0%**
Total Requirements	**70.782,3**	**122,2**	**79.017,3**	**122,3**	**11,6%**	**0,1%**
Credit Risk Requirements - RFPRC	29.657,5	51,2	34.198,1	52,9	15,3%	3,4%
Market Risk Requirements - RFPRM	10.056,5	17,4	6.862,6	10,6	-31,8%	-38,8%
Operational Risk Requirements - RFPRO	31.068,3	53,6	37.956,6	58,8	22,2%	9,6%
Regulatory Capital Ratio	**63,9%**	**63,9%**	**38,3%**	**38,3%**	**-25,5 p.p.**	**-25,5 p.p.**
Regulatory Limit	**10,0%**	**10,0%**	**10,0%**	**10,0%**		

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06

FINANCIAL STATEMENTS AND NOTES

INTERIM STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Amounts in thousands of Kwanzas

	Notes	30-06-2021	31-12-2020
Interest income and similar income	20	112.658.638	101.776.881
Interest expense and similar expenses	20	(21.915.051)	(14.845.133)
Net interest income		**90.743.587**	**86.931.748**
Fee and commission income	21	12.378.630	10.579.384
Fee and commission expense	21	(3.441.696)	(3.365.118)
Net gains/(losses) on financial assets and liabilities at fair value through profit or loss	7	19.019.510	17.525.966
Net gains/(loses) on Foreign exchange gains/(losses)	22	5.225.777	18.102.561
Net gains/(losses) on disposal of other assets	23	22.216	31.216
Other operating income/(expense)	24	67.504	4.091.421
Banking Product		**124.015.528**	**133.897.178**
Staff costs	25	(30.034.101)	(26.607.225)
Third-party supplies and services	26	(18.798.992)	(15.651.396)
Depreciation and amortization for the period	12	(3.449.120)	(2.842.229)
Provisions net of reversals	17	(541.872)	(1.126.359)
Impairment provision on loans and advances to customers net of reversals and recoveries	17	1.143.318	(8.004.196)
Impairment provision on other financial assets net of reversals and recoveries	17	(3.767.638)	(531.138)
Impairment provision on other assets net of reversals and recoveries	17	(97.841)	5.956
PROFIT/(LOSS) BEFORE TAX ON CONTINUING OPERATIONS		**68.469.282**	**79.140.592**
Income tax			
Current	13	(6.279.959)	(4.707.196)
Deferred	13	433.610	(1.722.340)
NET PROFIT/(LOSS) FOR THE PERIOD		**62.622.933**	**72.711.056**
PROFIT/(LOSS) RECOGNISED DIRECTLY IN EQUITY		-	-
COMPREHENSIVE INCOME FOR THE PERIOD		**62.622.933**	**72.711.056**
Average number of ordinary shares issued	19	15.000.000	15.000.000
Basic earnings per share (in Kwanzas)	19	4,175	4,847
Diluted earnings per share (in Kwanzas)	19	4,175	4,847

INTERIM BALANCE SHEET AS AT 30 JUNE 2021

Amounts in thousands of Kwanzas

	Notes	30-06-2021	31-12-2020
ASSETS			
Cash and Balances at Central Banks	4	517.781.538	474.216.835
Balances at other credit institutions	5	27.610.207	26.276.793
Deposits with central banks and other credit institutions	6	574.756.396	649.091.735
Financial assets at fair value through profit or loss	7	260.826.278	365.694.288
Investments at amortized cost	8	1.053.794.402	977.836.759
Loans and advances to customers	9	306.621.965	333.373.269
Non-current assets held for sale	10	180.120	267.759
Investments in subsidiaries, associates and joint ventures	11	50.375	50.375
Other tangible assets	12	31.160.339	30.575.320
Intangible assets	12	184.820	213.472
Current tax assets	13	4.186	4.186
Deferred tax assets	13	2.074.480	1.645.788
Other assets	14	18.665.378	15.653.131
Total Assets		**2.793.710.484,0**	**2.874.899.710,0**

	Notes	30-06-2021	31-12-2020
LIABILITIES AND EQUITY			
Funds of central banks and other credit institutions	15	19.198.365	4.088.299
Resources from customers and other loans	16	2.142.349.102	2.252.202.707
Financial liabilities at fair value through profit or loss	7	1.769.226	4.244.410
Provisions	17	41.352.443	41.468.071
Current tax liabilities	13	6.620.669	7.785.077
Lease liabilities	18	6.980.723	7.318.355
Other liabilities	18	247.218.576	59.815.468
Total Liabilities		**2.465.489.104,0**	**2.376.922.387,0**
Share capital	19	15.000.000	15.000.000
Other reserves and retained earnings	19	250.598.447	393.128.727
Net profit/(loss) for the period	19	62.622.933	89.848.596
Total Equity		**328.221.380,0**	**497.977.323,0**
Total Liabilities and Equity		**2.793.710.484,0**	**2.874.899.710,0**

INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Amounts in thousands of Kwanzas

	Notes	Share capital	Other reserves and retained earnings	Profit/ (loss) for the period	Total
Balance on 1 January 2020		**15.000.000**	**327.265.709**	**119.940.192**	**462.205.901**
Application of 2019 profit:					
. Transfer to reserves	19	-	71.964.115	(71.964.115)	-
. Dividend distribution	19	-	-	(47.976.077)	(47.976.077)
Distribution of extraordinary dividends	19	-	(6.101.097)	-	(6.101.097)
Net profit/(loss) for the period	19	-	-	89.848.596	89.848.596
Balance on 31 December 2020		**15.000.000**	**393.128.727**	**89.848.596**	**497.977.323**
Application of 2020 profit:					
. Transfer to reserves	19	-	17.969.720	(17.969.720)	-
. Dividend distribution	19	-	-	(71.878.876)	(71.878.876)
Distribution of deferred extraordinary dividends	19	-	(160.500.000)		(160.500.000)
Net profit/(loss) for the period	19	-	-	62.622.933	62.622.933
Balance on 30 June 2021		**15.000.000**	**250.598.447**	**62.622.933**	**328.221.380**

INTERIM STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Amounts in thousands of Kwanzas

	Notes	30-06-2021	30-06-2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest, fees and commissions and other similar income received	20 e 21	124.794.350	108.049.595
Interest, fees and commissions and other similar charges paid	20 e 21	(25.496.998)	(20.746.020)
Payments to employees and suppliers	25 e 26	(44.449.983)	(51.736.049)
Payments and contributions to pension funds and other benefits		(1.658.414)	-
Recovery of loans written off from assets	24	702.482	932.640
Other income received/(expenses paid)	7, 23 e 24	23.880.758	4.122.637
Cash flows before change in operating assets and liabilities		**77.772.195**	**40.622.803**
Increase/Decreases in operating assets			
Deposits with central banks and other credit institutions	6	74.884.458	(30.344.888)
Financial assets at fair value through profit or loss	7	99.496.095	(46.927.912)
Investments at amortized cost	8	(85.797.006)	(50.447.993)
Loans and advances to customers	9	30.227.352	25.870.708
Non-current assets held for sale	10	-	(354.763)
Other assets	14	(3.012.246)	6.843.183
Net cash flow from operating assets		**115.798.652**	**(95.361.665)**
Increases/Decreases in operating liabilities			
Funds of central banks and other credit institutions	15	15.110.066	(4.585.390)
Resources from customers and other loans	16	(109.993.856)	116.768.299
Other liabilities	18	(5.283.568)	(2.179.377)
Net cash flow from operating liabilities		**(100.167.358)**	**110.003.532**
Net cash flow from operating activities before income taxes		93.403.487	55.264.670
Income taxes paid	13, 14 e 18	(7.439.449)	(2.083.702)
Net cash flow from operating activities		**85.964.038**	**53.180.968**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of other tangible fixed assets, net of disposals	12	4.250.392	1.859.296
Acquisitions of intangible assets, net of disposals	12	94.410	-
Net cash flows from investing activities		**4.344.802**	**1.859.296**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend distribution	19	(37.305.136)	(35.328.956)
Net cash flows from financing activities		**(37.305.136)**	**(35.328.956)**
Change in cash and cash equivalents		**53.003.704**	**19.711.308**
Cash and cash equivalents at the beginning of the period	4 e 5	500.512.176	345.238.670
Foreign exchange effects on cash and cash equivalents		(8.116.353)	23.588.198
Cash and cash equivalents at the end of the period	**4 e 5**	**545.399.527**	**388.538.176**

1. INTRODUCTORY NOTE

Banco de Fomento Angola, S.A. (hereinafter also referred to as "Bank" or "BFA"), was incorporated by Public Deed of 26 August 2002, having resulted from the transformation of the Angolan Branch of Banco BPI, S.A. into a bank under local law.

As indicated in Note 19, on 5 January 2017, in execution of the share sale and purchase agreement celebrated in 2016, the sale by Banco BPI to Unitel of the shareholding representing 2% of BFA's share capital was completed. Thus, on 30 June 2021 and 31 December 2020, BFA was majority owned by Unitel, S.A.

By Unanimous Resolution of the General Meeting, of 4 October 2018, it was decided to proceed with the capital increase of BFA, through the incorporation of "Other Reserves" in the amount of AOA 11,478,003 thousand. This capital increase was realised within the scope of Notice no. 02/2018 of the Banco Nacional de Angola (hereinafter "Angolan National Bank"), which defines that the minimum value of the fully paid-up share capital in domestic currency is AOA 7,500,000 thousand.

The Bank is engaged in obtaining funds from third parties in the form of deposits or other, which it invests, together with its own resources, in the granting of loans, deposits in the Angolan National Bank, investments in credit institutions and acquisition of securities or other assets, for which it is duly authorised. It also provides other banking services and carries out various types of operations in foreign currency, having for this purpose, on 30 June 2021, a national network of 161 branches, 5 customer service centres, 10 investment centres, 20 corporate centres and 1 Private Banking centre.

2. BASES OF PRESENTATION AND SUMMARY OF MAIN ACCOUNTING POLICIES

2.1 Bases of presentation

The Bank's financial statements have been prepared on the going concern assumption and in accordance with International Financial Reporting Standards ("IFRS"), pursuant to Notice no. 5/2019, of 30 August, of the Angolan National Bank. IFRS includes accounting standards, issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"), in force on 1 January 2021.

The financial statements now presented are reported as at 30 June 2021. These financial statements were prepared in accordance with the standard IAS 34 Interim Financial Reporting ("IAS 34"). Thus, these financial statements do not include all the information required by IFRS, and therefore should be read in conjunction with the financial statements for the financial year ended 31 December 2020. The accounting policies used by the Bank in the preparation are consistent with the ones used in the preparation of the financial statements as at 31 December 2020, except for the new standards issued.

The Bank's financial statements are stated in thousands of Kwanzas, rounded to the nearest thousand, with assets and liabilities denominated in other currencies being translated into domestic currency, based on the average indicative exchange rate published by the Angolan National Bank on each reference date. The financial statements were prepared in accordance with the historical cost principle, modified by the application of the fair value to derivative financial instruments and financial assets and liabilities recognized at fair value through profit or loss.

The preparation of financial statements in accordance with IAS/IFRS requires the Bank to make judgements and estimates and uses assumptions which affect the application of accounting policies and amounts of income, expenses, assets and liabilities. Changes in such assumptions or differences between these assumptions and reality may have an impact on the actual estimates and judgements. The areas involving a higher degree of judgment or complexity, or areas where assumptions and significant estimates are made in preparing the financial statements are discussed in Note 3.

The financial statements for the period ended 30 June 2021 were approved at a meeting of the Bank's Board of Directors on 24 September 2021 and will be submitted to the General Meeting which has the power to amend them. However, the Bank's Board of Directors is confident that they will be approved without significant amendments.

The recently issued Accounting standards and amendments that have not yet come into force and that the Bank has not yet applied in the preparation of its financial statements can be analysed in Note 31.

Notwithstanding the investment of 99.9% held by the Bank in its subsidiary BFA Gestão de Activos (see Note 11), which started its activity in financial year 2017, in light of the basic principles and conceptual structure of the IFRS, the Bank considers that it is not relevant to prepare consolidated financial statements as at 31 December 2020, considering, namely, (i) the reduced activity carried out by this company since its incorporation and (ii) the reduced impact that would result from the consolidation of its financial statements, after consolidation adjustments, on the financial statements of BFA as at that date.

2.2 Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency (kwanza) at the exchange rate prevailing on the transaction date.

Foreign currency transactions are recorded in accordance with the principles of the "multi-currency" system, with each transaction being recorded according to the respective denomination currencies.

Assets and liabilities stated in foreign currency are translated into Kwanzas at the average exchange rate published by the Angolan National Bank as at the balance sheet date. Expenses and income related to exchange differences, realised or unrealised, are recorded in the income statement under the caption "Foreign exchange gains/(losses)" for the period in which they occur. The "forward foreign exchange position" transactions relate to foreign exchange forward contracts, and the related income and expenses are recorded under the caption "Net gains/(losses) on financial assets and liabilities at fair value through profit or loss" in the income statement.

As at 30 June 2021, 31 December 2020 and 30 June 2020, the exchange rates of the Kwanza (AOA) against the United States Dollar (USD) and the Euro (EUR) were as follows:

		30-06-2021	31-12-2020	30-06-2020
USD	1	646,000	649,604	579,450
EUR	1	767,900	798,429	649,419

Forward foreign exchange position

The forward foreign exchange position corresponds to the net balance of forward transactions awaiting settlement. All contracts related to these operations are revalued at market forward exchange rates.

The difference between the equivalents in Kwanzas at the forward revaluation rates applied, and the equivalents at the contracted rates, is recorded in the asset or liability caption, against income or expenses, respectively.

2.3 Financial Instruments

2.3.1 Classification of financial assets

In accordance with IFRS 9 - "Financial Instruments", financial assets can be classified into three categories with different measurement criteria:

- Amortized cost,
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification of financial assets depends on the business model and the contractual cash flow characteristics (SPPI criterion).

Business model

The business models foreseen in the standard are as follows:

- Business model whose objective is achieved by holding the asset to maturity to collect the contractual cash flows from it (Held to collect);
- Business model whose objective is achieved both by collecting the contractual cash flows from the asset and selling it (Held to collect and sell)
- Other business models (e.g. trading).

Evaluation of the business model

The business model reflects the way the Bank manages its assets from a cash-flow generation point of view. Thus, it is important to understand whether the objective of the Bank is only to receive the contractual cash flows from the assets or whether it intends to receive the contractual cash flows and the cash flows resulting from the sale of the assets. If none of these situations is applicable (e.g., financial assets are held for trading), then the financial assets are classified as part of "other" business model and recognized at fair value through profit or loss.

The factors considered by the Bank in identifying the business model for a set of assets include past experience with respect to the way (i) cash flows are received, (ii) asset performance is assessed and reported to management, (iii) risks are assessed and managed and (iv) directors are remunerated.

Financial assets at fair value through profit or loss held for trading are held essentially for the purpose of being sold in the short term, or to form part of a portfolio of jointly managed financial instruments, for which there is clear evidence of a recent pattern of short-term gains. These securities are classified in "other" business model and recognized at fair value through profit or loss.

The evaluation of the business model does not depend on the intentions for an individual instrument, but for a set of instruments, and considers the frequency, the value, the sales calendar in previous financial years, the reasons for the referred sales and the expectations regarding future sales. Sales that are infrequent, or insignificant, or close to the maturity of the asset and those motivated by an increase in the credit risk of the financial assets, or to manage concentration risk, among others, may be compatible with the model of holding assets to receive contractual cash flows.

If a financial asset contains a contractual clause that can modify the calendar or the value of the contractual cash flows (such as early amortization or extension of term clauses), the Bank determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of said contractual clause, are only payments of principal and interest on the amount of the principal outstanding.

In the event that a financial asset includes a periodic interest rate adjustment, but the frequency of such adjustment does not coincide with the reference interest rate term (for example, the interest rate is adjusted every three months), the Bank assesses, at the time of the initial recognition, this inconsistency in the interest component to determine whether the contractual cash flows represent only payments of principal and interest on the amount of the principal outstanding.

Contractual conditions that, at the time of the initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional or highly unlikely events (such as redemption by the issuer) do not prevent their classification in portfolios at amortized cost or at fair value through other comprehensive income.

SPPI evaluation

When the business model involves holding assets in order to (i) receive contractual cash flows or (ii) receive contractual cash flows and sell these assets, the Bank assesses whether the cash flows of the financial instrument correspond solely to the payments of principal and interest on the principal outstanding (the solely payments of principal and interest "SPPI" test). In this assessment, the Bank considers whether the contractual cash flows are consistent with a basic loan agreement, that is, the interest includes only considerations regarding the time value of money, credit risk and a profit margin that is consistent with a basic loan agreement. When the contractual terms introduce exposure to risk or variability in cash flows that are inconsistent with a simple loan agreement, the financial instrument is classified and measured at fair value through profit or loss.

The financial assets with embedded derivatives are considered in their entirety, when determining whether the cash flows correspond only to payments of principal and interest on the principal outstanding ("SPPI" test).

Financial assets at amortized cost

The Bank measures a financial asset at amortized cost if it complies, simultaneously, with the following characteristics and if it is not designated at FVTPL by option (use of the Fair Value Option):

- the financial asset is held in a business model whose main purpose is to hold the assets to collect its contractual cash flows (HTC - Held to collect); and

- its contractual cash flows occur on specific dates and correspond only to payments of principal and interest on the outstanding amount (SPPI - Solely Payments of Principal and Interest).

These instruments are initially recorded at fair value and subsequently valued at amortized cost, based on the effective interest rate method, and are subject to impairment tests.

This category of "Financial assets at amortized cost" includes investments in credit institutions, loans and advances to customers and debt securities (Investments at amortized cost) managed based on a business model whose objective is to receive its contractual cash flows.

Financial assets at fair value through other comprehensive income

The Bank measures a financial asset at fair value through other comprehensive if it complies, simultaneously, with the following characteristics and if it is not designated at FVTPL by option (use of the Fair Value Option):

- the financial asset is held in a business model whose purpose is to hold the assets to collect and sell its contractual cash flows (HTC and Sell – Held to collect and Sell); and

- its contractual cash flows occur on specific dates and correspond only to payments of principal and interest on the outstanding amount (SPPI - Solely Payments of Principal and Interest).

On initial recognition of an equity instrument that is not held for trading, the Bank may irrevocably assign it to this category. This designation is made on a case-by-case, investment-by-investment basis and is only available for financial instruments that meet the definition of equity instruments under IAS 32, and may not be used for financial instruments classified as equity instruments at issuer level under the exceptions provided for in paragraphs 16A to 16D of IAS 32.

Financial assets at fair value through other comprehensive income are initially recorded at fair value. Gains and losses relating to subsequent changes in fair value are reflected in a specific item of equity ("Reserves of financial assets at fair value through other comprehensive income") until they are sold, where they are reclassified to profit or loss for the period, except for equity instruments which are reclassified to retained earnings. Additionally, they are subject, since their initial recognition, to the calculation of impairment losses (debt instruments only).

Interest income is calculated in accordance with the effective interest rate method and recognized in the income statement under the caption "Interest income and similar income". Income from variable-income securities is recognized in the income statement caption "Income from equity instruments" on the date when it is attributed. In accordance with this criterion, prepaid dividends are recorded as income in the year the distribution is decided.

Financial assets at fair value through profit or loss

All financial assets that are not measured according to the methods described above are measured at fair value through profit or loss.

Debt instruments whose contractual cash flow characteristics do not meet the SPPI criterion, and which would otherwise be measured at amortized cost or fair value through other comprehensive income, are required to be measured at fair value through profit or loss.

This category also includes assets acquired for the purpose of realising gains from short-term fluctuations in market prices. This category also includes derivative financial instruments, excluding those that comply with hedge accounting requirements. By definition, equity instruments are also classified at fair value through profit or loss, unless the entities opt for the irrevocable classification at fair value through other comprehensive income as referred to above.

In addition, at initial recognition, the Bank may irrevocably classify a financial asset, which otherwise meets the requirements to be measured at amortized cost or fair value through other comprehensive income, as at fair value through profit or loss if the classification significantly eliminates the accounting mismatch that would otherwise exist (Fair Value Option).

Financial assets classified in this category are initially recognized at fair value. Gains and losses arising from subsequent valuation at fair value are recognized in the income statement. Interest is reflected in the respective captions of "Interest income and similar income".

Equity instruments

Equity instruments are instruments that satisfy the definition of capital from the issuer's perspective, that is, they are instruments that do not contain a contractual payment obligation and that evidence a residual interest in the issuer's net assets. An example of equity instruments are ordinary shares.

Investments in equity instruments are an exception to the general valuation criteria described above. As a general rule, the Bank exercises the option, on initial recognition, to designate, irrevocably, in the category of financial assets at fair value through other comprehensive income, the investments in equity instruments that are not classified as held for trading and that, in the event it did not exercise this option, would be classified as financial assets that are mandatorily accounted for at fair value through profit or loss. Impairment losses (and impairment reversals) are not recorded separately from other changes in fair value.

2.3.2 Classification of financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be realised through the delivery of cash or another financial asset, regardless of its legal form.

Financial liabilities are classified into the following categories:

i. Financial liabilities at amortized cost

Financial liabilities correspond essentially to funds of central banks, other credit institutions and customer funds from customers. These liabilities are initially measured at fair value, which normally corresponds to the consideration received, net of transaction costs, and are subsequently recorded at amortized cost, in accordance with the effective interest method

ii. Financial liabilities held for trading

This category includes derivative financial instruments with a negative fair value.

iii. Financial liabilities at fair value through profit or loss (Fair Value Option)

The Bank designates, at initial recognition, certain financial liabilities at fair value through profit or loss (Fair Value Option) provided that at least one of the following requirements is met:

- the financial liabilities are managed, measured and analysed internally based on their fair value;

- derivative operations are contracted to hedge these assets or liabilities economically, thus ensuring consistency in the measurement of the assets or liabilities and the derivatives (accounting mismatch); and

- the financial liabilities contain embedded derivatives.

The subsequent measurement of financial liabilities is generally performed at amortized cost. There are some exceptions to this measurement basis, namely:

- Financial liabilities that are held for trading or when fair value option is applied - the subsequent measurement consists of fair value through profit or loss;

- Financial guarantees - the subsequent measurement consists of the higher of the corresponding expected credit losses and the amount of the initial fee received less the amounts already recognized as revenue in accordance with IFRS 15.

2.3.3 Recognition and initial measurement of financial instruments

At the time of their initial recognition, all financial instruments are recorded at their fair value. For financial instruments that are not recorded at fair value through profit or loss, fair value is adjusted by adding or subtracting transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, the directly attributable transaction costs are immediately recognized in the income statement.

Transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, or to the issue or assumption of a financial liability, which would not have been incurred if the Bank had not carried out the transaction. These include, for example, fees paid to intermediaries (such as promoters) and mortgage formalisation expenses.

Financial assets are recognized in the balance sheet on the transaction date - the date on which the Bank commits to purchase the assets, unless there is a contractual stipulation or applicable legal figure that determines that the transfer of rights occurs at a later date.

At initial recognition, when the fair value of financial assets and liabilities differs from the transaction price, the entity should recognise this difference as follows:

- When the fair value is evidenced by a quotation on an active market of an equivalent asset or liability (that is, level 1 inputs) or based on a valuation technique that uses only observable market data, the difference is recognized as a gain or loss, and

- In the remaining cases, the difference is deferred, and the moment of initial recognition of the gain or loss is determined individually. This difference can then be (i) amortized over the life of the instrument, (ii) deferred until the fair value of the instrument can be determined using observable market data, or (iii) recognized through the settlement of the asset or liability.

2.3.4 Subsequent measurement of financial instruments

After its initial recognition, the Bank measures its financial assets at (i) amortized cost, (ii) fair value through other comprehensive income, or (iii) fair value through profit or loss.

Amounts receivable from commercial operations that do not have a significant financing component and commercial loans and short-term debt instruments that are initially measured at the transaction price or by the principal outstanding, respectively, are valued at the aforementioned amount less impairment losses.

Immediately after initial recognition, an impairment is also recognized for expected credit losses (ECL), for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in the recognition of a loss in results when the asset is originated.

Financial liabilities are initially recorded at fair value less transaction costs incurred and subsequently at amortized cost, based on the effective interest rate method, with the exception of financial liabilities designated at fair value through profit or loss, which are recorded at fair value.

2.3.5 Income and expenses of financial instruments

Income and expenses of financial instruments at amortized cost are recognized according to the following criteria:

i. Interest are recorded in the income statement under "Interest income and similar income" and "Interest expenses and similar expenses", using the effective interest rate of the transaction on the gross book value of the transaction (except in the case of impaired assets where the interest is applied on the book value net of impairment); and the interest already recognized and unpaid relating to overdue loans for more than 90 days is reversed, being recognized only when received since it is considered that its recovery is remote, and recognized off balance sheet; and

ii. The remaining changes in value will be recognized in the income statement as income, or expenses, under the caption "Net gains/(losses) on investments at amortized cost", when the financial instrument is derecognized from the balance sheet, or reclassified, and in the case of financial assets, when impairment losses or reversals occur, which are recorded under the caption "Impairment of loans and advances to customers net of reversals and recoveries", in the case of loans and advances to customers or under the caption "Impairment of other financial assets net of reversals and recoveries", in the case of other financial assets.

In order to determine the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, without considering possible impairment losses. The calculation includes all fees paid or received considered as part of the effective interest rate, transaction costs and all other premiums or discounts directly related with the transaction, except for assets and liabilities at fair value through profit or loss.

Treasury Bonds issued in domestic currency indexed to the exchange rate of the United States Dollar (hereinafter "US Dollar") are subject to exchange rate adjustments. The result of the exchange rate adjustments is reflected in the income statement for the period in which it occurs. The result of the exchange rate adjustment of the nominal value of the security is reflected in the caption "Foreign exchange gains/(losses)" and the result of the exchange rate adjustment of the discount and accrued interest is reflected in the caption "Net Interest Income - Interest income and similar income".

Income and expenses from financial instruments at fair value through profit or loss are recognized according to the following criteria:

i. Changes in fair value are recorded directly in the income statement, separating the portion attributable to the instrument's income, which is recorded as interest or dividends according to its nature under the captions "Interest income and similar income" and "Income from equity instruments", respectively, and the rest, which is recorded as results of financial operations under the caption "Net gains/(losses) on financial assets and liabilities at fair value through profit or loss"; and

ii. Interest on debt instruments is recorded in the income statement under the caption "Interest income and similar income" and is calculated using the effective interest rate method.

Income and expenses from financial assets at fair value through other comprehensive income are recognized according to the following criteria:

i. Interest or, when applicable, dividends are recognized in the income statement under the caption "Interest income and similar income" and "Income from equity instruments", respectively. For the interest, the procedure is the same as for assets at amortized cost;

ii. Foreign exchange differences are recognized in the income statement under the caption "Foreign exchange gains/(losses)", in the case of monetary financial assets, and in other comprehensive income, in the case of non-monetary financial assets;

iii. In the case of debt instruments, impairment losses or reversals are recognized in the income statement under the caption "Impairment losses on other financial assets, net of reversals and recoveries"; and

iv. The remaining changes in value are recognized in other comprehensive income.

Thus, when a debt instrument is measured at fair value through other comprehensive income, the amounts recognized in the income statement for the financial year are the same as those that would be recognized if measured at amortized cost.

When a debt instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is reclassified to the result for the period. On the other hand, when an equity instrument measured at fair value through other comprehensive income is derecognized from the balance sheet, the gain or loss recorded in other comprehensive income is not reclassified to the profit or loss account, remaining under a caption of reserves.

2.3.6 Reclassification between categories of financial instruments

Financial assets are not reclassified after their initial recognition, except in the period after the Bank changes its business model for managing financial assets. Financial assets are reclassified to other categories only if the business model used in their management is changed. In this case, all affected financial assets are reclassified. The reclassification is applied prospectively from the date of reclassification, and any previously recognized gains, losses (including those related to impairment) or interest are not restated. Financial assets, at the date of their reclassification, are measured at fair value.

The reclassification of investments in equity instruments measured at fair value through other comprehensive income, or financial instruments designated at fair value through profit or loss, is not allowed.

The reclassification of financial liabilities is not allowed.

2.3.7 Fair value

In accordance with IFRS 13, financial instruments at fair value are measured according to the valuation levels described in note 30.4.

2.3.8 Modification of loans and advances

The Bank occasionally renegotiates or modifies contractual cash flows from loans and advances to customers. In this situation, the Bank assesses whether the new terms of the contract are substantially different from the original terms. The Bank performs this analysis considering, among others, the following factors:

- If the debtor is in financial difficulty, whether the modification only reduces the contractual cash flows to an amount that the debtor is expected to be able to pay;

- If any significant new term has been introduced, such as profit sharing or an equity-based return, which substantially affects credit risk;

- Significant extension of the maturity of the contract when the debtor is not in financial difficulties;

- Significant change in the interest rate;

- Change in the currency in which the loan was contracted; and

- Inclusion of a collateral, a guarantee or other improvement associated with the loan, which significantly affects the credit risk associated with the loan.

If the terms of the contract are significantly different, the Bank derecognises the original financial asset and recognises the new asset at fair value, calculating its new effective interest rate. The renegotiation date is considered the initial recognition date for the purpose of calculating the impairment, including for the purpose of assessing whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the newly recognized financial asset is impaired at initial recognition, especially when the renegotiation is related to the fact that the debtor has not made the payments originally agreed. Differences in the carrying amount are recognized in the income statement, as a derecognition gain or loss.

If the terms of the contract are not significantly different, the renegotiation, or modification, does not result in derecognition and the Bank recalculates the gross book value based on the revised cash flows of the financial asset and recognises a gain or loss from this modification in the income statement. The new gross book value is recalculated discounting the modified cash flows at the original effective interest rate (or adjusted effective interest rate for impaired financial assets, originated or acquired).

After the modification, the Bank can determine that the credit risk has improved significantly and that the assets have moved from Stage 3 to Stage 2 (ECL lifetime) or from Stage 2 to Stage 1 (ECL 12 months). This situation can only occur when the performance of the modified asset is in accordance with the new terms of the contract for a period of twelve consecutive months. Additionally, the Bank continues to monitor whether there has been a significant increase in the credit risk of these assets, applying specific models for modified assets.

2.3.9 Derecognition not resulting from a modification

The financial assets granted are derecognized when the associated cash flows are extinguished, collected or disposed of to third parties and (i) the Bank substantially transfers all risks and benefits associated with holding the asset, or (ii) the Bank neither transfers nor substantially holds all the risks and benefits associated with holding the asset and does not control the asset. Gains and losses obtained from the definitive sale of loans and advances to customers are recorded in "Other operating income/(expenses)". These gains or losses correspond to the difference between the sales value set and the book value of those assets, net of impairment losses.

The Bank participates in transactions in which it has the contractual right to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all the risks and benefits. These transactions result in the derecognition of the asset if the Bank:

- Has no obligation to make payments unless it receives equivalent amounts from the assets;

- Is prohibited from selling or pledging the assets; and

- Is obliged to remit any cash flow it receives from the assets without material delays.

The guarantees granted by the Bank (shares and bonds) through repurchase agreements and securities' lending and borrowing operations are not derecognized because the Bank holds substantially all the risks and benefits based on the pre-established repurchase price, with the derecognition criteria therefore not being observed (see Note 2.4).

Financial liabilities are derecognized when the underlying obligation is settled, expires, or is cancelled.

2.3.10 Write-off policy

The Bank writes off financial assets, in part or in whole, when it concludes that there is no reasonable expectation of collection. The indicators that demonstrate that there is no reasonable expectation of collection are (i) the shutdown of the activity and (ii) the cases in which the recovery depends on the collection of a collateral, but in which the value of the collateral is so low that there is no reasonable expectation of fully recovering the asset.

The rules implemented for the selection of loans that may be written off from assets are as follows:

- The loans cannot be under a risk-sharing protocol;

- The loans must be past due for more than 210 days; and

- The loans cannot be marked as overdue renegotiated loans or be part of an active payment agreement.

2.3.11 Impairment of financial assets

The Bank determines impairment losses for debt instruments that are measured at amortized cost and at fair value through other comprehensive income, as well as for other exposures that have an associated credit risk such as bank guarantees, and commitments assumed.

The requirements of IFRS 9 aim to recognise expected losses from operations, assessed on an individual or collective basis, considering all reasonable, reliable, and duly substantiated information that is available, including information from a forward-looking perspective.

Impairment losses of debt instruments that are measured at amortized cost are recognized against an accrued impairment caption in the balance sheet, which reduces the book value of the asset, while the impairment of assets measured at fair value through other comprehensive income is recognized against other comprehensive income.

Impairment losses arising from the granting of loans and advances to customers are recognized in the income statement under the caption "Impairment losses on loans and advances to customers, net of reversals and recoveries" and those of the remaining financial assets under the caption "Impairment losses on other financial assets net of reversals and recoveries".

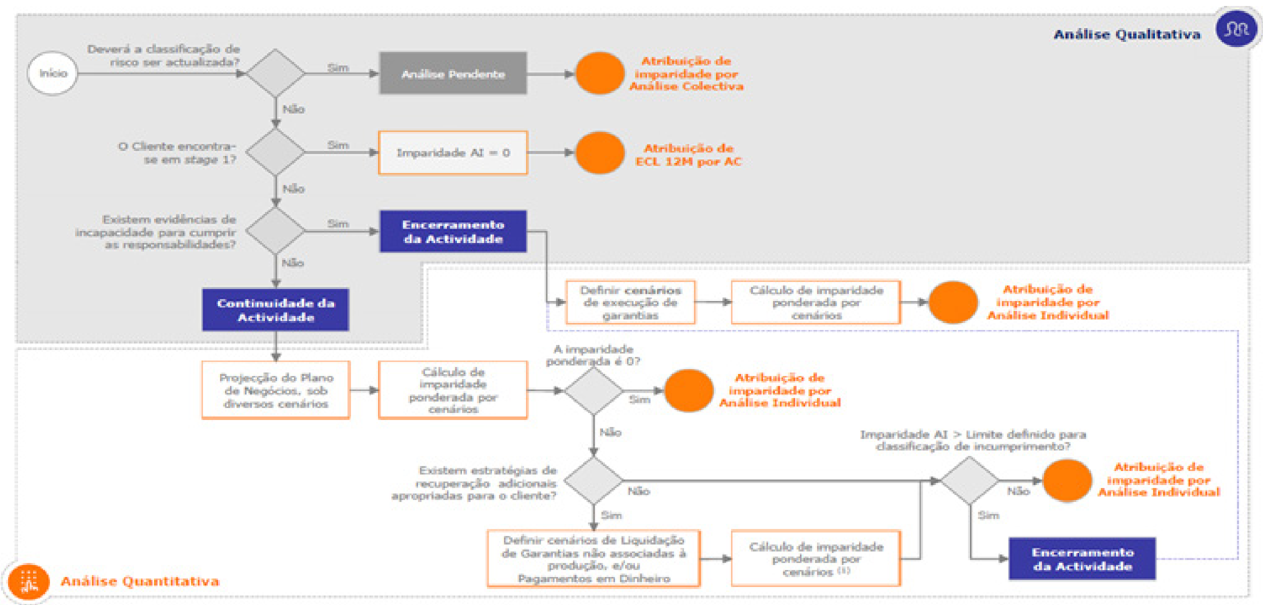
Impairment losses of exposures that have an associated credit risk and that are not positions recorded in assets are recorded as a provision in the caption "Provisions" in liabilities, in the balance sheet. Allocations and reversals are recorded under the caption "Provisions net of reversals " in the income statement.

Impairment model of loans and advances to customers

The methodology adopted by the Bank foresees, in a first stage, the identification of Economic Groups (and private customers, hereinafter "individuals") considered as individually significant. These are analysed individually and the remainder collectively, according to homogeneous risk groups. The following criteria for selecting Groups (and individuals) that are individually significant are considered:

- Corporate customers with an exposure greater than AOA 50 million;
- Individuals with an exposure greater than AOA 100 million;
- Corporate customers with overdue loans (more than 30 days), exposure greater than AOA 25 million and default greater than AOA 1 million;
- Individuals with overdue loans (more than 30 days), exposure greater than AOA 50 million and default greater than AOA 1 million;
- Customers with restructured operations due to the debtor's financial difficulties; and
- Ad-hoc customers (individuals or companies) that are not subject to individual analysis according to the previous criteria, but for which the Bank considers appropriate to carry out the respective individual analysis.

The individual analysis process follows the following flow:



In the collective analysis methodology, the Bank groups customers into homogeneous risk segments, namely the following:

- Consumer credit
- Overdrafts
- Credit cards
- Car loans
- Home loans
- Small businesses – "Less significant exposures"
- Large businesses – "Significant exposures"
- Government
- Financial institutions

The amount of impairment losses is determined according to whether there is a significant deterioration of the risk since initial recognition, and whether a default event occurs. Consequently, the Bank classifies financial instruments into three stages of impairment, as described below:

• Stage 1: Classification to be applied on initial recognition of the financial instruments or in the event of not meeting any of the classification criteria of the other impairment stages

• Stage 2: Classification to be applied to financial instruments that show a significant increase in credit risk (SIRC) since their origin

• Stage 3: All financial instruments that are in default according to the Bank's internal definition and in line with Instruction 8/2019 will be classified in this stage.

The stage 2 criteria for classification are as follows:

Classification

• Product contracts other than overdrafts, with loans more than 30 days overdue;
• Overdraft product contracts with loans more than 15 days overdue;
• Customer with at least one credit operation restructured due to financial difficulties in the last 12 months;
• Customers with an operation in litigation in the last 5 years;
• Customers with bounced cheques and/or inhibited from using cheques according to the information available at CIRC (Angolan Centralised Credit Register);
• Customers with unauthorised overdrafts.

For customers analysed individually, the following additional criteria are considered:

• Customers with a credit operation in the financial system with arrears > 90 days, capital or interest written off/cancelled or in litigation;
• Customers with authorised overdrafts above the limit formally contracted with the customers or revolving credit operations used on a permanent basis by at least 95% of the limit initially contracted in the last 12 months;
• Credit with a material decrease in the value of the real guarantee (over 20%) when this results in a loan-guarantee ratio over 80%;
• Customer subject to Special Recovery Programs;
• Customers with overdue debts to the Tax Administration and/or Social Security;
• Bank pledges or expectation of insolvency or subject to a financial and/or operational recovery/reorganisation process;
• Significant change in the Customer's operating results (Companies), for customers subject to Individual Analysis.

Propagation

• Propagation of all operations to stage 2 if the total exposure of the operation in stage 2 is greater than or equal to 20% of the Customer's exposure

The default marking criteria are as follows, provided they have (i) Absolute Materiality: >= AOA 5,000 of overdue loans; (ii) Relative materiality: 1% Companies and 2.5% Individuals, of the client's asset exposure.

Classification

• Contracts with overdue loans for more than 90 days;
• Restructured contracts with overdue loans for more than 30 days.

For customers analysed individually, the following additional criteria are considered:

• Customers in bankruptcy/insolvency or with expectation of bankruptcy/insolvency;
• Restructuring with material loss or grace period of the principal or arising from contracts already at stage 3.

Propagation

• Propagation of marking of default when the default exposure represents 20% of total customer exposure.

Unmarking

• Contracts with overdue loans for more than 90 days, a 12-month quarantine period (at least 6 months in stage 3, and 6 months in stage 2) without any default activation criteria being considered;
• Restructured loans, a quarantine period (at least 12 months) is applied with payment of principal and interest without overdue exposure for a period greater than 30 days.

In calculating collective impairment, the Bank considers the following credit risk parameters:

a) Exposure: The exposure (EAD - exposure at default) corresponds to the estimated amount in debt in the event of default. This component is relevant for financial instruments that have a variable amortization structure depending on the customer's use (current revolving loan accounts, credit cards, in general, any revolving product). The calculation of this estimate is based on the observation of historical data for debtors in respect of which default situations have been verified, relating the levels of use of the limits at the time of default with those in the previous 12 months. In this context, future levels of use are estimated according to the nature of the product, current levels of use and the credit ceiling;

b) Probability of default: the Bank applies a methodology for calculating the probability of default forecast (PD – probability of default) for each borrower for the entire loan portfolio and for each risk segment. This parameter is used directly to calculate the expected losses (ECL) of operations in stage 1 and 2 of impairment. Thus, for stage 1 the period of 12 months must be considered and for stage 2, the residual maturity of the operation;

c) Loss given default: the loss given default (LGD - loss given default) corresponds to the percentage of debt that will not be recovered in the event of a customer default. The calculation of the LGD is performed based on historical internal information, considering the cash flows associated with the contracts from the time of default until their settlement or until the moment when there are no relevant recovery expectations. It is also included in the calculation of the estimates of the costs associated with the credit recovery processes.

The parameters considered for determining impairment are generally based on the internal historical experience of defaults and recoveries of the Bank. The parameters are reviewed and updated periodically, to reflect the economic situation and to be representative of the current economic context at any moment.

The models also incorporate prospects of future economic evolution (forward looking) to determine the expected loss considering the macroeconomic factors that are related to the probability of default and/or recoverability indicators of the Bank, namely:

- Real GDP
- Growth rate of non-oil GDP
- (Parallel) USD/AOA end of period exchange rate
- Luanda Consumer Price Index
- Real Effective Exchange Rate (REER)
- EUR/AOA end of period exchange rate

In the review processes, the necessary improvements that are detected in retrospective comparison exercises (back testing) will also be introduced.

BFA also updated the regressions, scenarios and macroeconomic weightings in its impairment model, although it is not possible to quantify the impact of the forward-looking adjustment via COVID-19 in isolation, since the Bank also made methodological and structural changes in the estimation of its risk parameters, namely at the level of the history considered, definition of default and segmentation.

Impairment model for other financial instruments (Balances and deposits at other credit institutions and Investments at amortized cost)

The Bank classifies exposures into stages of impairment with regard to financial instruments measured at amortized cost.

Stage 1 - Financial assets with no significant increase in credit risk since initial recognition

Assets that do not have a significant increase in credit risk since initial recognition are classified in Stage 1. The calculation of impairment losses for these exposures with a maturity of 12 months.

In assessing the existence of a significant increase in the credit risk for the financial asset portfolio, an increase of more than two notches is considered for a significant increase in the credit risk, in accordance with the information published by international rating agency Moody's.

Stage 2 – Financial assets with significant increase in credit risk since initial recognition

Whenever it is determined that there is a significant increase in the counterparty's credit risk, the exposure is classified as Stage 2.

For these exposures, the Bank measures the impairment losses over the respective residual maturity.

Stage 3 - Financial assets in default

This stage includes all financial instruments for which default events have been verified.

Impairment losses for debt instruments were calculated based on the credit risk parameters (probability of default and loss given default) provided by international rating agency Moody's.

For the purpose of calculating impairment losses, the Bank also considers risk mitigation through the increased value of financial collateral.

2.4 Operations with repurchase or resale agreement

Securities sold with a repurchase agreement (repos) for a fixed price, or for a price which equals the sale price plus interest inherent to the term of the operation are not derecognized from the balance sheet. The corresponding liability is recorded in amounts payable to banks or customers, as appropriate. The difference between the sale price and the repurchase price is treated as interest and is deferred over the life of the agreement, using the effective interest rate method.

Securities purchased with a resale agreement (reverse repos) for a fixed price, or for a price that equals the purchase price plus interest inherent to the term of the operation, are not recognized in the balance sheet, the purchase price being recorded as loans to banks or customers, as appropriate. The difference between the purchase price and the resale price is treated as interest and is deferred over the life of the agreement, using the effective interest rate method.

2.5 Derivative financial instruments

The Bank can carry out derivative financial instrument operations, within the scope of its activity, to manage its own positions based on expectations of market developments or to meet the needs of its customers.

All derivative instruments are recorded on the trade date at fair value and changes in fair value are recognized in the income statement unless they qualify as cash flow hedges or net investments in foreign operating units. Derivatives are also recorded in off-balance sheet accounts at their reference value (notional value).

Derivative financial instruments are classified as hedging (provided that all designation conditions are met) or trading instruments, depending on their purpose.

Hedging derivatives

The Bank decided to continue to apply the hedge accounting requirements provided for in IAS 39 on the first adoption of IFRS 9, as provided for in this latter standard.

The Bank designates derivatives and other financial instruments to hedge interest rate and foreign exchange risks, resulting from its business. Derivatives that do not qualify for hedge accounting are recorded as trading instruments.

Hedging derivatives are recorded at fair value and the gains or losses resulting from their remeasurement are recognized in accordance with the hedge accounting model adopted.

A hedging relationship exists when:

- at the beginning of the relationship there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and effectively determined to be highly effective over the financial reporting period; and
- in relation to the hedging of an anticipated transaction, the transaction is highly probable and presents an exposure to changes in cash flows that could ultimately affect results.

When a derivative financial instrument is used to hedge foreign exchange fluctuations of monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated with the derivative is recognized in profit or loss for the financial year, as are the fluctuations in the foreign exchange risk of the underlying monetary elements.

i. Fair value hedges

Changes in the fair value of derivatives that are designated and that qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the asset, liability or group of assets and liabilities to be hedged in respect of the risk covered. If the hedging relationship no longer meets the requirements of hedge accounting, the derivative financial instrument is transferred to the trading category and the hedge accounting is subsequently discontinued (the adjustment made to the book value of a hedging instrument, for which the effective interest rate method is used, is amortized through profit or loss for the period until its maturity and recognized in net interest income ("financial margin")). If the hedged asset or liability corresponds to a fixed-income instrument, the accrued gains or losses in respect of changes in the interest rate risk associated with the hedging item until the date the hedging is discontinued, are amortized through profit or loss over the remaining period of the hedged item.

ii. Cash flow hedges

Changes in the fair value of derivatives, which qualify as cash flow hedges, are recognized in equity - cash flow reserves - for the effective part of the hedging relationships. Changes in the fair value of the ineffective portion of hedging relationships are recognized in the income statement when they occur.

The amounts accrued in equity are reclassified to the income statement in the periods when the hedged item affects results.

When the hedging instrument is derecognized, or when the hedging relationship no longer meets the hedge accounting requirements or is revoked, the hedging relationship is discontinued prospectively. Accordingly, changes in fair value accrued in equity until the date the hedging is discontinued can be:

- deferred for the remaining period of the hedged instrument; and
- recognized immediately in the income statement for the financial year if the hedged instrument has been extinguished.

In the case of the discontinuation of a hedging relationship of a future transaction, the changes in the derivative's fair value recorded in equity remain there until the future transaction is recognized in the income statement. When the transaction is no longer expected to occur, the accrued gains or losses recorded in equity are immediately recognized in the income statement.

As at 30 June 2021 and 31 December 2020, the Bank had no hedging derivatives.

Derivatives held for trading

Derivatives that are not considered in an accounting hedging relationship are considered as other financial instruments at fair value through profit or loss. When the fair value of the instruments is positive, they are presented in assets, when their fair value is negative, they are classified in liabilities, in both cases under financial assets or liabilities at fair value through profit or loss.

Embedded derivatives

contains a derivative and a non-derivative component. This component of the derivative is identified as an "embedded derivative", while the rest of the contract is described as a "host contract".

Derivatives embedded in financial instruments are separately accounted for whenever:

- the risks and economic benefits of the derivative are not related to those of the main instrument (host contract);
- a separate instrument with the same terms meets the definition of a derivative; and
- the hybrid instrument (as a whole) is not initially recognized at fair value through profit or loss.

Embedded derivatives are presented under the captions of financial assets or liabilities at fair value through profit or loss, being recorded at fair value with the changes being reflected in profit or loss.

2.6 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries and associates are accounted in the Bank's financial statements of the Bank at their historical cost less any impairment losses.

Subsidiaries are entities (including investment funds and securitisation vehicles) controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, the variability in returns arising from its involvement with that entity and can seize them through the power it has over the relevant activities of that entity (de facto control).

Associated companies are entities over which the Bank has significant influence but does not exercise control over their financial and operating policy. The Bank is presumed to have significant influence when it holds more than 20% of the voting rights of the associate. If the Bank holds, directly or indirectly, less than 20% of the voting rights, it is assumed that it does not have significant influence, except when that influence can be clearly demonstrated.

The existence of significant influence on the part of the Bank is usually demonstrated by one, or more than one, of the following:

- representation on the Board of Directors or equivalent governing body;
- participation in policy-making processes, including participation in decisions on dividends or other distributions;
- material transactions between the Bank and the investee;
- exchange of management personnel; and
- provision of essential technical information.

Impairment

The recoverable value of investments in subsidiaries and associates is assessed whenever there are signs of evidence of impairment. Impairment losses are calculated based on the difference between the recoverable amount of investments in subsidiaries or associates and their book value. The identified impairment losses are recorded in the income statement and are subsequently reversed through profit or loss if there is a reduction in the estimated loss amount, in a subsequent period. The recoverable value is determined based on the higher of the value in use of the assets and the fair amount less costs to sell, being calculated using valuation methodologies, supported by discounted cash flow techniques, considering market conditions, time value and business risks.

2.7 Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation to settle it by delivering cash or another financial asset to third parties, regardless of its legal form, evidencing a residual interest in the assets of an entity after deducting all its liabilities.

Transaction costs directly attributable to the issue of equity instruments are recorded against equity, as a deduction from the amount of the issue. The amounts paid and received for purchases and sales of equity instruments are recorded in equity, net of transaction costs.

Income from equity instruments (dividends) is recognized when the right to receive it is established and deducted from equity.

2.9 Intangible assets and other tangible assets

Intangible assets are only recognized when: i) they are identifiable; ii) it is probable that they will generate future economic benefits and iii) their cost can be reliably measured.

The acquisition cost of intangible assets comprises: i) the purchase price, including costs with intellectual rights and fees and after deducting any discounts and ii) any cost directly attributable to the preparation of the asset for its intended use.

After the initial accounting, BFA measures its intangible assets according to the cost model.

Intangible assets, which correspond mainly to IT software, are recorded at acquisition costs, and are amortized on a straight-line basis over a three-year period.

Other tangible assets are recorded at cost of acquisition less accrued amortization and impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the goods.

The acquisition cost of other tangible assets includes the purchase price of the asset, the expenses directly attributable to its acquisition and the costs incurred with the preparation of the asset, so that it is placed in its condition of use. Financial costs incurred with loans obtained for the construction of qualifying tangible assets are recognized as part of the construction cost of the asset.

Land is not depreciated. Depreciation is calculated using the straight-line method at the maximum rates fiscally accepted as a cost, in accordance with the Industrial Tax Code, which correspond to the following years of estimated useful life:

	Years of useful life
Real estate for own use (Buildings)	50
Betterments in leased buildings	10
Equipment:	
Furniture and materials	10
IT equipment	3
Furnishings	10
Transportation equipment	3
Machines and tools	6 e 7

As mentioned in Note 2.19, this caption includes right-of-use assets arising from lease agreements.

2.10 Non-current assets held for sale

Non-current assets are classified as non-current assets held for sale when their book value is intended to be realised mainly through a sale transaction, instead of through their continued use in the Bank's activities.

The value of assets received as payment in kind is initially recorded at the lower of the fair value less costs to sell and the book value of the existing loan on the date the payment in kind was made.

When the outstanding amount of the loan operation is greater than its book value (net of provisions), the difference must be recognized as income for the financial year, up to the value determined upon valuation of the assets. When the valuation of the assets is lower than the book value of the loan operation, the difference must be recognized as a cost for the financial year.

Assets recorded under this item are not amortized and are valued at the lower of carrying amount and fair value.

The fair value of these assets is determined based on periodic valuations performed by independent valuers. Whenever the value resulting from these valuations (net of costs to sell) is lower than the book value, impairment losses are recorded under Impairment of other assets net of reversals.

In addition, as these are assets whose fair value level in the IFRS 13 hierarchy corresponds mainly to level 3, given the subjectivity of some assumptions used in the valuations and the fact that there are external indications with alternative values, the Bank carries out internal analyses on the assumptions used, which may imply additional adjustments to their fair value.

2.11 Impairment of non-financial assets

When there is an indication that an asset may be impaired, IAS 36 requires that its recoverable value be estimated, and an impairment loss should be recognized whenever the net value of an asset exceeds its recoverable value. Impairment losses are recognized in the income statement, being reversed in subsequent reporting periods, when the reasons that led to their initial recognition cease. For this purpose, the new depreciated amount shall not be higher than the one that would have been accounted for, had no impairment losses been imputed to the asset, and considering the depreciation it would have undergone.

The recoverable amount is determined as the higher of its fair value less costs to sell and its value in use, which is calculated based on the present value of the estimated future cash flows expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

On the date of the derecognition of a tangible asset, the gain or loss calculated by the difference between the fair value less costs to sell and the net book value is recognized in the income statement under the caption "Net gains/(losses) on disposal of other assets".

2.12 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the balance sheet date, including Cash and balances at Central Banks and Balances at other credit institutions (Notes 4 and 5), and do not include impairment losses.

2.13 Dividends

Dividends (income from equity instruments) are recognized in the income statement when the right to receive them is attributed. Dividends are recorded under net income from financial operations, net results of other financial instruments at fair value through profit or loss or other income, depending on the classification of the underlying instrument.

2.14 Fees

Income from services and fees is recognized as revenue from customer agreements to the extent that the performance obligations are satisfied:

- when they are obtained as the services are rendered, their recognition in the income statement is made in the period to which they refer; and
- when they result from a single provision of services, their recognition is made when said service is completed.

When they are an integral part of the effective interest rate of a financial instrument, the income resulting from services and fees are recorded in net interest income.

2.15 Employee benefits

Short-term benefits are reflected in the "Staff costs" caption in the period to which they refer, in accordance with the accrual's accounting principle.

The Bank assigns variable remuneration to its employees and directors as a result of their performance (performance bonus). The Executive Committee of the Board of Directors is responsible for establishing the respective allocation criteria for each employee, and the Remuneration Committee is responsible for establishing the criteria at director level. The variable remuneration paid to employees and directors is recorded against profit or loss in the period to which they relate, although payable in the following year (See Note 25).

BFA's employees are covered by Law no. 7/04, of 15 October, which regulates the Social Security system of Angola, and which provides for the attribution of retirement pensions to all Angolan employees registered with Social Security. The value of these pensions is calculated based on a table proportional to the number of years of work, applied to the average monthly gross salary received in the periods immediately preceding the date the employee retires. According to Decree no. 38/08, of 9 June, the contribution rates to this system are 8% for the employer and 3% for the employees.

Pursuant to Article no. 262 of Law no. 2/00, of 11 February (General Labour Law), BFA constituted provisions to cover responsibilities with "Retirement compensation", which are determined by multiplying 25% of the basic monthly salary practiced on the date the employee reaches the statutory retirement age, by the number of years of seniority on that date. The total amount of the responsibilities is determined on an annual basis by experts, using the "Projected Unit Credit" method for the liabilities for past services.

On 15 September 2015, Law no. 7/15, of 15 June (New General Labour Law) came into force, revoking Law no. 2/00, of 11 February. The New General Labour Law does not refer to the need to set up provisions to cover the responsibilities related to "Retirement compensation".

In addition, the Bank granted its employees contracted locally or their families the right to cash benefits for retirement due to old age, disability, and survival. Thus, by resolution of the Board of Directors of the Bank, and with effect from 1 January 2005, a "Supplementary Pension Plan" was created, which was embodied in a defined contribution plan. This plan was initially constituted with part of the balance of the "Provision for Probable Responsibilities with Retirement Pension Funds", consisting of contributions by BFA of a fixed percentage corresponding to 10% of the salary subject to discounts to the Social Security of Angola, applied on fourteen salaries.

In 2013, with reference to the last day of the year, the Bank constituted the "BFA Pension Fund" to cover these responsibilities, having, in financial year 2018, used the provisions previously established as an initial contribution to the BFA Pension Fund (see Note 18). The amounts corresponding to the rights acquired in the "Supplementary Pension Plan" were transferred to the current pension plan and converted into contributions by the participant. The return on the corresponding investments made, net of any taxes, is added to the contributions' amount.

For defined-contribution plans, the liabilities related to the benefit attributable to the Bank's employees are recognized as an expense of the period when due (note 25).

Employment termination benefit

This type of benefit is recognized when the Bank terminates the employment contract before the employee reaches normal retirement date, or when an employee accepts the termination of employment in exchange for such benefit. The Bank recognises a liability for termination benefits on the earliest of the following dates: when the Bank is no longer able to withdraw the offer of benefits or when the Bank recognises the costs of a restructuring, within the scope of the recognition of restructuring provisions. Benefits due more than 12 months after the end of the reporting period are discounted to their present value.

2.16 Income tax and other taxes

The total income tax recorded in the income statement includes current and deferred taxes.

Current tax

Current tax is calculated based on the taxable income for the financial year, which differs from the accounting income due to adjustments to the tax base resulting from expenses or income not relevant for tax purposes, or which will only be considered in future periods according to the applicable tax laws (Industrial Tax Code).

Deferred tax

Deferred tax corresponds to the impact on tax recoverable/ payable in future years resulting from deductible or taxable timing differences between the balance sheet value of assets and liabilities and their tax base, used to determine taxable income. Deferred taxes are calculated based on the tax rate in force or substantially in force on the date of the financial reporting, and which is estimated to be applicable on the date of realisation of deferred tax assets or on the date of payment of deferred tax liabilities.

Deferred tax liabilities are normally recorded for all taxable timing differences, whereas deferred tax assets are only recognized up to the amount that it is probable that future taxable income will exist, to allow for the use of the corresponding deductible timing differences or tax losses carried forward. Additionally, deferred tax assets are not recorded in cases where their recoverability may be questionable due to other situations, including issues of interpretation of the tax legislation in force.

Industrial Tax

As at 30 June 2021, the Bank is subject to an Industrial Tax under the terms of the General Tax System. The taxation of its income is carried out under the terms of Law 26/20, of 20 July (which revoked Law 19/14, of 22 October) and the applicable tax rate is currently 35%, in accordance with the said Law.

The income from public debt securities, resulting from Treasury Bonds and Treasury Bills issued by the Angolan State, whose issue is regulated by the Framework Law of Direct Public Debt (Law no. 16/02, of 5 December) and by Regulatory Decrees no. 51/03 and 52/03, of 8 July, as well as the other income obtained by the Bank subject to Capital Gains Tax (IAC), are exempt from Corporate Income Tax, in accordance with the provisions of paragraph b) of no. 1 of article 47 of the Industrial Tax Code, where it is expressly stated that for the determination of taxable income, the income or gains subject to IAC will be deducted from the net profit calculated under the terms of the previous articles.

The yields on Treasury Bonds and Treasury Bills, issued by the Angolan State after 1 January 2013 are subject to IAC, at the rate of 10% (5% in the case of debt securities admitted to trading on a regulated market and presenting a maturity equal to or greater than three years), as well as, Industrial tax, in the case of capital gains or losses obtained (including possible exchange restatements on the capital component).

Moreover, the referred law, among other alterations, established the eligibility of favourable and unfavourable realised exchange rate variations as fiscally accepted income and costs, respectively. Accordingly, provisions/impairment on guaranteed loans, except for the part not hedged, are no longer accepted as a cost.

In addition, the Business Income Tax is subject to provisional assessment in a single instalment to be made by the end of August, calculated by applying a rate of 2% on the result derived from financial intermediation operations, ascertained in the first six months of the previous tax year, excluding income subject to capital gains tax, with the exception of taxpayers who have posted a loss in the previous year and are exempt from the provisional assessment.

Without prejudice to the foregoing, taxpayers who recorded a loss in the immediately preceding tax year are exempt from submitting the provisional assessment.

Tax returns are subject to review and correction by tax authorities for a 5-year period, which may result in possible amendments to the taxable profit for the years 2015 to 2021. In this regard, it should be noted that, due to the COVID-19 pandemic, the General Tax Administration ("AGT") has stipulated that the right to make amendments in relation to the 2015 financial year will only expire on 31 December 2021.

The recording of the tax impacts of the transactions carried out by the Bank corresponds to management's understanding of the tax treatment applicable under the legislation issued. In situations where there is an interpretation and this may be questioned by the Tax Administration, management reanalyses it, assessing the probability (above or below 50%) that the adopted tax treatment will be accepted, and consequently determines the most likely or expected value of tax assets or liabilities to be recorded.

Investment Income Tax (IAC)

The new IAC code, approved by Presidential Legislative Decree no. 2/2015, of 20 October, came into force on 19 November 2014.

The IAC applies, generally, to income from financial investments of the Bank. The rate varies between 5% (in the case of interest received on debt securities which are admitted to trading on a regulated market, and which have a maturity of three years or more) and 15%.

Notwithstanding the above, with respect to income from public debt securities, according to the understanding of the Tax Authorities and the Angolan National Bank addressed to the Angolan Banking Association ("Associação Angolana de Bancos") (letter from the Angolan National Bank dated 26 September 2013), only income arising from securities issued on or after 1 January 2013 are subject to this tax.

Moreover, it should also be noted that, according to AGT's position, the exchange revaluations of public debt securities issued in domestic currency but indexed to foreign currency, issued since 1 January 2013, should be subject to Business Tax.

On 1 August 2013, the automation process to withhold tax was started, by the BNA, in respect of IAC, in accordance with the provisions of Presidential Legislative Decree no. 5/11, of 30 December.

IAC is generally levied on the income from the securities identified above and is withheld by the Bank. For these reasons, the Bank considers that the conditions to consider IAC as an income tax under IFRS are fulfilled.

Value Added Tax (VAT)

Law no. 7/19 introduced VAT, which has been in force since 1 October 2019, repealing the Consumption Tax Regulation (IC - Regulamento do Imposto de Consumo) and introducing relevant amendments to the Stamp Duty Code (IS - Código do Imposto de Selo).

Under the terms of the VAT Code approved by Law no. 7/19 and the amendments introduced by Law no. 17/19 of 13 August, they are subject to this tax: (i) the transfer of goods and services carried out within national territory, for consideration, by a taxable person acting as such; and (ii) the import of goods.

Nevertheless, the VAT Code provides for the exemption of certain transactions, including the exemption applied to financial intermediation transactions, including those described in Annex III to this Code, unless they give rise to the payment of a specific and predetermined fee or consideration for their performance. This exemption does not entitle the taxable person to deduct the VAT incurred on the acquisition of goods and services connected with exempt transactions.

It should be noted that the VAT rate in force in Angola, applicable to transactions subject and not exempt from VAT, is 14%.
Additionally, and in accordance with Article 21(2) of the VAT Code, commercial banks must withhold 50% of the tax contained in the invoice or equivalent document issued by the taxpayer at the time of transfer of goods or rendering of services. In this regard, the caption of the tax in question should be made in the periodic VAT return for the month in which this tax becomes chargeable under the terms of article 21(3) of the VAT Code (i.e., upon receipt of the respective invoice or equivalent document by the entities subject to the Withholding VAT system).

However, Instruction no. 000003/DNP/DSIVA/AGT/2020, issued by the Angolan tax authorities, has clarified that transfers of goods to any withholding entities whose payment is made by debit to the account, with the exception of the State, are exempt from withhold. Examples of these situations are transfers of goods within the scope of banking and financial operations in which the institutions debit the client's account, namely: (i) the transfer of goods subject to financial leasing agreements, to the respective lessee, when exercising the stipulated purchase option, as well as (ii) the sale of point-of-sale (POS) systems within the scope of the provision by institutions to their customers of payment card acceptance services.

Under the terms of Article 10(1) of the VAT Code, for the purposes of this tax, and as a general rule, the rendering of services takes place within the national territory when the purchaser has domicile, head office or fixed establishment therein for which the services are acquired. In this context, Article 29(2) of the VAT Code, in conjunction with Article 2(1)(d) of the same tax compendium, provides for a reverse charge mechanism, whereby "where the purchaser is a taxable person, the tax is payable by that same purchaser, in respect of services rendered within national territory, under Article 10, where the service provider is a non-resident taxable person and does not have a fixed establishment in Portugal ". i.e., the purchaser, a VAT taxpayer in Angola, must (self)assess the Angolan VAT due on the rendering of services in Angola, when these are rendered by non-resident suppliers.

Moreover, considering the Bank is a taxable person that carries out transactions which grant the right to deduct (i.e., transactions subject to VAT) and transactions which do not grant the right to deduct (i.e., transactions which are exempt from this tax under the aforementioned terms), the VAT incurred by the Bank on its purchases of goods and services is only partially deductible using the pro rata method.

Nevertheless, the Bank, as a taxable person covered by the general VAT regime, may, under the terms of article 27(2) of the VAT Code, adopt the actual allocation method regarding the VAT incurred on goods for sale. This method of deduction consists of the possibility of deducting all the tax incurred in the acquisition of goods in transactions which give rise to a right to deduct but excludes the possibility of deducting the tax incurred in transactions which do not give rise to this right, under the terms of Articles 22 and 24 of the VAT Code. The goods whose tax may be deducted according to the actual use method are subject to prior authorization by the General Tax Administration. Additionally, Instruction no. 000003/DNP/DSIVA/AGT/2020, referred to below, established that financial institutions may adopt the actual allocation method to deduct the VAT borne regarding the acquisition of goods and services "exclusively used" to carry out:

I. Financial lease operations;
II. Financial operations carried out by institutions without head office or permanent establishment in national territory ("correspondent banks") for Angolan institutions;
III. Operations covered by the provisions of Article 6(3) of the VAT Code, namely the re-invoicing of goods and/or services acquired by the institutions in their own name, but on behalf of third parties, to whom the respective goods and/or services are re-invoiced, with a view to obtaining a refund (cost recovery).

For the purposes of VAT deduction according to the mentioned method, financial institutions must prepare a letter addressed to the VAT Services Department (Direcção dos Serviços do IVA), requesting the amendment of the statement on the commencement of operations, as well as the respective compliance with the obligations foreseen in the VAT Code regarding the accounting record of the operations, in order to allow the control of the operations whose input tax was deducted according to the actual allocation method.

Moreover, the Bank is also required to comply with the invoicing rules under the Legal Regime of Invoices and Equivalent Documents (RJFDE - Regime Jurídico das Facturas e Documentos Equivalentes), in force since April 2019. Within this scope, the economic agents with a turnover equal or superior to Kwanzas equivalent to USD 250 thousand must issue the invoices or equivalent documents through a certified invoicing system.

Property Tax

In accordance with the provisions of Law 20/20, published on 9 July, which approved the new Property Tax Code and revoked the previous law, the Bank withholds Property Tax at a rate of 15% on the payment or delivery of rents on rented property, with the exception of land for construction, where Property Tax will be due at a rate of 0.6% of the asset value.

Property Tax will be due on non-rented property in accordance with the following ranges:

- A rate of 0.1% on the asset value, applicable to real estate with an asset value below AOA 5,000,000;

- A fixed value of AOA 5,000 for properties with an equity value above AOA 5,000,000 and below AOA 6,000,000;

- A rate of 0.5% on the asset value exceeding AOA 5,000,000, applicable to real estate with an asset value above AOA 6,000,000.

In the transfer with or without consideration of property, the taxable amount corresponds to the asset value as stated in the land registry at the date of transfer, the value determined by evaluation, in the case of an omitted building, or the declared value, whichever is greater. The transfer of real estate assets is subject to property tax at the rate of 2%, the charge and liability for settlement of which should fall on the Bank whenever it acts as purchaser.

Other taxes

The Bank is also subject to indirect taxes, namely, customs duties, Stamp Duty, Labour Income Tax, as well as other taxes.

2.17 Provisions and contingent liabilities

A provision is set up when there is a present obligation (legal or constructive) resulting from past events for which the future expenditure of resources is likely, and same can be reliably determined. The provision amount corresponds to the best estimate of the amount to be disbursed to settle the liability, at the balance sheet date. Provisions are measured at the present value of the estimated costs to settle the obligation, using a pre-tax interest rate, which reflects the market value, for the discount period and for the risk of the provision in question.

If the future expenditure of resources is not likely, it is a contingent liability, and is subject to the respective disclosure, in accordance with the requirements of IAS 37 - "Provisions, contingent liabilities and contingent assets".

Provisions related to legal proceedings, opposing BFA to third parties, are constituted in accordance with internal risk assessments carried out by the Board of Directors, with the support and advice of its legal advisors.

Provisions for credit commitments and financial guarantees given are measured according to the impairment model implemented as described in note 2.3.11.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate and are reversed against profit or loss in the proportion of the payments that are not probable.

The provisions are derecognized through their use for the obligations for which they were initially recognized or for the cases that the situations were no longer observed.

2.18 Financial and Performance guarantees

Financial guarantees

Financial guarantees are contracts that require the issuer to make payments in order to compensate the holder for losses incurred, as a result of breaches of the contractual terms of debt instruments, namely the payment of the respective principal and/or interest.

Financial guarantees issued are initially recognized at their fair value. Subsequently, these guarantees are measured at the higher (i) of the fair value initially recognized and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date. Any change in the amount of the obligation associated with financial guarantees issued is recognized in the income statement.

Financial guarantees issued by the Bank usually have a defined maturity and a periodic fee charged in advance, which varies depending on the counterparty risk, amount, and period of the contract. On this basis, the fair value of the guarantees, on the date of their initial recognition, is approximately equivalent to the value of the initial fee received, considering that the agreed conditions are market conditions. Thus, the amount recognized on the contracting date equals the amount of the initial fee received, which is recognized in the income statement during the period to which it refers. Subsequent fees are recognized in the income statement, in the period to which it refers.

Performance guarantees

Performance guarantees are contracts that result in the compensation of one of the parties, if said party does not fulfil the contractual obligation. Performance guarantees are initially recognized at fair value, which is normally evidenced by the value of fees received during the term of the agreement.

Upon breach of contract, the Bank has the right to revert the guarantee, with the amounts being recognized in Loans and advances to customers, following the transfer of the loss compensation to the guarantee beneficiary.

2.19 Leases

This standard establishes requirements regarding the scope, classification/recognition and measurement of leases:

- from the lessor's perspective, leases continue to be classified as finance leases or operating leases;
- from the lessee's perspective, the standard defines a single accounting model for lease agreements that results in the recognition of an asset under right of use and a lease liability for all lease agreements except for leases with a period of less than 12 months or for leases of low value assets in which cases the lessee may opt for the recognition exemption provided for in IFRS 16, and, in that case, should recognise the lease payments associated with those contracts as Third-party supplies and services.

The Bank has opted not to apply this standard to short-term lease agreements of less than or equal to one year and to lease agreements where the underlying asset has little value; having also opted to not applying this standard to leases of intangible assets.

Definition of a lease

The new definition of a lease entails a focus on the control of the identified asset, that is, an agreement constitutes or contains a lease if it transfers the right to control the use of an identified asset, that is, obtaining substantially all the economic benefits of using it and the right to guide the use of that identified asset, over a period of time in exchange for consideration.

Impacts from the lessee's perspective

The Bank recognises for all leases, except for leases with a period of less than 12 months or for leases of assets of a reduced unit value:

- A right-of-use asset, initially measured at cost, taking into account the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable) less lease incentives received, penalties for termination (if reasonably certain), as well as any cost estimates to be borne by the lessee with the dismantling and removal of the underlying asset and/or with the restoration of the location where it is located. Subsequently, it is measured according to the cost model (subject to depreciation/amortization according to the lease term of each agreement and to impairment tests);

• a lease liability, initially recorded at the present value of the lease's future cash flows (NPV), which includes:

- fixed payments, less leasing incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the start date of the agreement;
- the amounts to be paid by the lessee as residual value guarantees;
- the exercise price of a call option, if the lessee is reasonably certain to exercise that option; and
- sanction payments for the termination of the lease if the lease term reflects the exercise of a lease termination option by the lessee.

The lease liability is measured at amortized cost using the effective interest method.

Since it is not possible to easily determine the interest rate implicit in the lease (paragraph 26 of IFRS 16), lease payments are discounted according to the lessee's incremental financing rate which incorporates the risk-free interest rate curve (swap curve), plus a risk spread of the Bank, applied over the weighted average term of each lease agreement. For fixed-term contracts, the respective date is considered the end date of the lease; for the other open-ended contracts, the term during which the agreement is enforceable is evaluated.

Subsequently, the lease liability is measured as follows:

• by the increase in its carrying amount to reflect interest on it;
• by the decrease in its carrying amount to reflect lease payments; and
• the carrying amount is remeasured to reflect any revaluations or changes in the lease, as well as to incorporate the revision of lease payments fixed in substance and the revision of the lease term.

The Bank remeasures a lease liability, and calculates the respective adjustment related to the asset under right of use whenever:

• there is a change in the lease term or in the assessment of a call option over the underlying asset, in which case the lease liability is remeasured, discounting the revised lease payments and using a revised discount rate;
• there is a change in the amounts payable under a residual value guarantee, or in the future lease payments resulting from the change in an index or rate used to determine these payments, in which case the lease liability is remeasured, discounting the revised lease payments using an unchanged discount rate (unless the change in the lease payments results from a change in variable interest rates, in which case a revised discount rate should be used); and
• a lease agreement is changed, but such lease change is not accounted for as a separate lease, in which case the lease liability is remeasured, discounting the revised lease payments using a revised discount rate.

Right-of-Use assets are depreciated from the lease start date until the end of the useful life of the underlying asset, or until the end of the lease term, whichever is earlier. If the lease transfers ownership of the underlying asset, or if the cost of the asset under right of use reflects the fact that the Bank will exercise a call option, the right-of-use asset should be depreciated/amortized from the lease start date until the end of the useful life of the underlying asset.

The estimated useful life of the right-of-use assets is determined following the same principles as for Tangible Assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Depreciation/amortization begins on the date the lease takes effect.

Accounting for leases from the lessee's perspective in the Bank's financial statements is conducted as follows:

In the income statement:

• recording in Net interest income of interest expense related to lease liabilities;
• recording in Other administrative expenses of the amounts related to short-term lease agreements and lease agreements for low value assets; and
• recording in Depreciation and amortization for the period of the depreciation expense of right-of-use asset.

In the balance sheet:

• recognition of right-of-use assets under Other tangible assets; and
• recording of the value of the lease liabilities recognized in the caption Other liabilities.

Impact from the lessor's perspective

As at 30 June 2021 and 31 December 2020, the Bank has no lease agreements in which it is the lessor.

2.20 Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to shareholders of the Bank by the weighted average number of ordinary shares outstanding, excluding the average number of own shares held by the Bank.

For the diluted earnings per share, the average number of ordinary shares outstanding is adjusted to reflect the effect of all potential ordinary shares treated as dilutive. Contingent or potential issues are treated as dilutive when their conversion into shares decreases earnings per share.

If earnings per share change as a result of an issue with a premium or discount or other event that changes the potential number of ordinary shares, or changes in accounting policies, the calculation of earnings per share for all periods presented is adjusted retrospectively (see Note 19).

2.21 Events after the reporting period

The Bank analyses events that occur after the balance sheet date, i.e., favourable and/or unfavourable events that occur between the balance sheet date and the date on which the financial statements were authorised for issue. Two types of events can be identified within this scope:

- those that provide evidence of conditions that existed at the balance sheet date (events after the balance sheet date that give rise to adjustments); and
- those that are indicative of conditions that arose after the balance sheet date (events after the balance sheet date that do not give rise to adjustments).

Events occurring after the date of the financial statements that are not considered as adjustable events, if material, are disclosed in the notes to the financial statements.

3.MAIN ESTIMATES AND UNCERTAINTIES ASSOCIATED WITH THE APPLICATION OF THE ACCOUNTING POLICIES

IFRS establish several accounting treatments and require the Board of Directors to make judgments and prepare the necessary estimates to decide which accounting treatment is most appropriate. The main estimates and judgments used in the application of accounting principles, by the Bank are presented in this Note, with the objective of improving the understanding of how their application affects the Bank's reported results and their disclosure considering the context of uncertainty resulting from the impact of the pandemic of COVID 19. A broad description of the main accounting policies used by the Bank is presented in Note 2 to the financial statements.

Considering that, in many situations, there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different if different treatments were chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements present, in a true and fair manner, the Bank's financial position and the result of its operations in all materially relevant aspects.

3.1 Impairment losses of financial assets at amortized cost and debt instruments at fair value through other comprehensive income

The determination of impairment losses of financial instruments involves judgments and estimates regarding the following aspects, among others:

a) *Significant increase in credit risk:*
Impairment losses correspond to the expected losses in the event of a default over a 12-month time horizon, for stage 1 assets, and to the expected losses considering the probability of a default event occurring at some point up to the financial instrument's maturity date, for stage 2 and 3 assets. An asset is classified as stage 2 whenever there is a significant increase in the respective credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk, the Bank considers reasonable and sustainable qualitative and quantitative information.

b) *Definition of groups of assets with common credit risk characteristics:*
When expected credit losses are measured on a collective basis, financial instruments are grouped based on common risk characteristics. The Bank monitors the adequacy of the credit risk characteristics on a regular basis to assess whether they remain similar. This procedure is necessary to ensure that, in the event of a change in credit risk characteristics, the asset segmentation is revised. This revision may result in the creation of new portfolios or in the transfer of assets to existing portfolios which better reflect their credit risk characteristics.

c) *Probability of default:*
The probability of default represents a determining factor in measuring expected credit losses. The probability of default corresponds to an estimate of the probability of default in each period, the calculation of which is based on historical data, assumptions, and expectations about future conditions.

d) *Loss given default:*
Corresponds to an estimate of loss in a default scenario. It is based on the difference between the contractual cash flows and those that the Bank expects to receive, either through the cash flows generated by the customer's business or the loan collateral. The calculation of the estimated loss given default is based, among other aspects, on the different recovery scenarios, historical information, the costs involved in the recovery process and the estimated valuation of collaterals associated with loan operations.

This evaluation is performed using internal and external information and includes the use of assumptions and judgments in its modelling, the change of which could determine different results.

Consequently, the use of a different methodology or different assumptions or judgments in measuring impairment could produce different results from those reported and summarized in notes 6, 8, 9 and 30.

Finally, the Bank considers that the impairment determined based on this methodology allows an adequate reflection of the risk associated to its financial assets, considering the rules established by IFRS 9 - "Financial Instruments".

3.2 Fair value of derivative financial instruments and other financial assets and liabilities measured at fair value

Fair value is based on market quotations, when available, and, when absent, on the use of prices of similar recent transactions carried out under market conditions or based on valuation methodologies, using discounted cash flow techniques, applied to the future cash flows considering market conditions, the effect of time, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgments in estimating fair value.

Consequently, the use of different methodologies or different assumptions or judgments in the application of a given model could give rise to different financial results from those reported in Notes 7 and 30.4.

3.3 Provisions

The measurement of provisions considers the principles defined in IAS 37 regarding the best estimate of the expected cost, the most likely outcome of ongoing actions, and considers the risks and uncertainties inherent in the process. Different assumptions and judgments would have an impact on the determination of the amount of the provisions that are presented in Note 17.

Changes to these assumptions could have a significant impact on the amounts determined.

4.CASH AND BALANCES AT CENTRAL BANK

As at 30 June 2021 and 31 December 2020, the caption Cash and balances at Central Bank has the following breakdown:

	30-06-2021	31-12-2020
Cash		
Notes and coins in domestic currency	15.966.547	20.815.102
Notes and coins in foreign currency		
In US Dollars	3.788.313	3.617.554
In other currencies	4.643.018	6.032.320
	24.397.878	**30.464.976**
Balances at Central Bank		
Demand deposits at Angolan National Bank (BNA)		
In domestic currency	258.133.938	200.585.284
In US Dollars	32.792.887	32.660.769
In other currencies	202.456.835	210.505.806
	493.383.660	**443.751.859**
TOTAL	**517.781.538**	**474.216.835**

Demand deposits in the BNA in domestic and foreign currency aim to comply with the provisions in force regarding the reserve requirements to be maintained and are not remunerated.

As at 30 June 2021, reserve requirements are calculated in accordance with the provisions of Instruction no. 02/2021 of the BNA, of 10 February 2021 and Directive no. 05/2021 of the BNA, of 5 May 2021.

On 30 June 2021, the enforceability to comply with the reserve requirements is determined by applying a rate of 22% (2020: 22%), on the arithmetic average of eligible liabilities in domestic currency and a rate of 17% (2020:17%), on the arithmetic average of eligible liabilities in foreign currency.

BNA Directive no. 05/2021 stipulates that in relation to the reserve requirements in domestic currency, the balances of deposit accounts in foreign and domestic currency, opened at the Angolan National Bank on behalf of each banking financial institution, are eligible.

For the compliance with the foreign currency reserve requirements, the following assets are eligible:

- The balance referring to the daily closing of the reserve requirement accounts in Angolan currency, opened at the Angolan National Bank, in the name of each Banking Financial Institution, in the amount of 2% (two per cent) of the average of the base on private customers in foreign currency;
- Treasury bonds in foreign currency, belonging to the own portfolio, recorded in SIGMA, and issued as from 2015 80% (eighty per cent) of the effective enforceability, excluding the 2% (two per cent) referred to in the previous item; and,
- The balance of the foreign currency deposit account, opened at the Angolan National Bank, in the name of each Banking Financial Institution.

For the fulfilment of the minimum reserve requirements, are also eligible:

- 80% (eighty per cent) of the Assets representing the value of performing loan disbursements in domestic currency, relating to projects in the agriculture, livestock, forestry and fisheries sectors, granted until the date of 14 April 2021, provided they have a residual maturity equal to or greater than 24 (twenty-four) months; and
- 100% (one hundred percent) of the loans, defined in accordance with the provisions of Article 6 of Notice no. 10/2020, of 3 April, on Lending to the Real Sector of the Economy, whatever the residual maturity

As at 31 December 2020, the reserve requirements are calculated in accordance with the provisions of BNA Instruction no. 16/2020 of 6 October 2020 and BNA Directive no. 04/2020 of 6 October 2020.

5.BALANCES AT OTHER CREDIT INSTITUTIONS

As at 30 June 2021 and 31 December 2020, the caption balances at other credit institutions is fully composed of demand deposits placed with banks abroad.

	30-06-2021	31-12-2020
Demand deposits	27.617.989	26.295.341
Accumulated impairment losses (Note 17)	(7.782)	(18.548)
	27.610.207	**26.276.793**

A reconciliation of the changes in the book value and stage impairment losses of balances at other credit institutions is presented below:

	30-06-2021	
	Stage 1	
	Book value	Impairment losses
Opening balance as at 1 January 2021	**26.295.341**	**18.548**
Financial assets originated / derecognised	1.322.648	(2.337)
Exchange variations and other movements	-	(8.429)
Balance as at 30 June 2021	**27.617.989**	**7.782**

	30-06-2020	
	Stage 1	
	Book value	Impairment losses
Opening balance as at 1 January 2020	**42.522.475**	**14.678**
Financial assets originated / derecognised	(16.227.134)	(1.412)
Exchange variations and other movements	-	5.282
Balance as at 30 June 2020	**26.295.341**	**18.548**

All exposures are in stage 1.

6. DEPOSITS WITH CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

The caption deposits with central banks and other credit institutions, as at 30 June 2021 and 31 December 2020, has the following breakdown:

	30-06-2021	31-12-2020
Deposits with credit institutions abroad:		
In US Dollars	468.156.200	570.352.312
In Euro	50.681.400	55.890.030
In Sterling Pounds	6.262.760	7.102.184
	525.100.360	**633.344.526**
Deposits at Central Banks:		
In Kwanzas	49.735.208	16.375.500
	49.735.208	**16.375.500**
Income receivable	515.783	142.665
	575.351.351	**649.862.691**
Accumulated impairment losses (Note 17)	(594.955)	(770.956)
	574.756.396	**649.091.735**

As at 30 June 2021 and 31 December 2020, the short-term investments in banks had residual maturities of less than 3 months.

The deposits with central banks refer to reverse repos, which are accounted for in accordance with the accounting policy described in Note 2.4.

As at 30 June 2021 and 31 December 2020, the short-term investments in banks earned interest at the following annual weighted average rates:

	30-06-2021	31-12-2020
In US Dollars	0,07%	0,19%
In Euro	0,10%	0,09%
In Kwanzas	12,48%	5,98%
In Sterling Pounds	0,02%	0,02%

A reconciliation of the changes in the book value and stage impairment losses of deposits with central banks is presented below:

	30-06-2021	
	Stage 1	
	Book value	Impairment losses
Opening balance as at 1 January 2021	**649.862.691**	**770.956**
Financial assets originated	575.351.351	603.384
Financial assets derecognised	(649.862.691)	(770.956)
Exchange variations and other movements	-	(8.429)
Balance as at 30 June 2021	**575.351.351**	**594.955**

	31-12-2020	
	Stage 1	
	Book value	Impairment losses
Opening balance as at 1 January 2020	**475.492.832**	**745.837**
Financial assets originated	649.862.691	564.732
Financial assets derecognised	(475.492.832)	(745.837)
Exchange variations and other movements	-	206.224
Balance as at 30 June 2020	**649.862.691**	**770.956**

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The breakdown of financial assets at fair value through profit or loss is presented as follows:

	30-06-2021	31-12-2020
Debt securities:		
Treasury bills	113.083.197	216.599.735
Treasury bonds	141.422.948	144.199.296
	254.506.145	**360.799.031**
Derivatives:		
Foreign exchange forwards contracts	2.766.603	585.191
Equity instruments:		
Visa Incl. - Class C (Série I)	2.098.959	1.972.648
EMIS	940.372	1.992.704
IMC – *Instituto de mercado de capitais*	337	337
SWIFT	39.405	40.971
Participation units:		
BFA Protecção	-	15.089
BFA Oportunidades III	-	128.038
BFA Oportunidades IV	157.845	98.155
BFA Oportunidades V	77.035	66.117
BFA Oportunidades VI	11.984	(3.993)
BFA Oportunidades VII	207.605	-
BFA Oportunidades VIII	19.988	-
	260.826.278	**365.694.288**

Debt securities

As at 30 June 2021 and 31 December 2020, the Bank holds Treasury Bills and Treasury Bonds issued by the Angolan Government, to trade, on the secondary market, with other banks, or with its customers.

Equity instruments

As at 30 June 2021, the equity securities portfolio recorded at fair value through profit or loss, refers to:

- 13,896 Class C (Series I) shares of Visa Inc.(2020: 13,896);
- Shareholding in EMIS – Empresa Interbancária de Serviços, S.A.R.L. (17.26%) (2020: 17.26%);
- Shareholding in IMC – Instituto de Mercado de Capitais (2%) (2020: 2%);
- 134,196 (1.34%) participation units in Fundo BFA Oportunidades IV (2020: 90,783);
- 67,529 (0.68%) participation units in Fundo BFA Oportunidades V (2020: 62,597);
- 11,050 (0.06%) participation units in Fundo BFA Oportunidades VI (2020: 11,050);
- 200,247 (1.33%) participation units in Fundo BFA Oportunidades VII; and
- 19,885 (0.13%) participation units in Fundo BFA Oportunidades VIII;

EMIS

As at 30 June 2021, the participation corresponds to 17.26% of the share capital of EMIS. EMIS was incorporated, in Angola, with the function of managing electronic means of payment and complementary services.

During the period ended 30 June 2021 and financial year 2020, this company did not distribute dividends.

Derivatives

As at 30 June 2021 and 31 December 2020, the caption "Derivatives - Foreign exchange forwards contracts" has the following breakdown:

	30-06-2021	31-12-2020
Financial assets at fair value through profit or loss		
Derivative financial instruments	2.766.603	585.191
	2.766.603	**585.191**
Financial liabilities at fair value through profit or loss		
Derivative financial instruments	(1.769.226)	(4.244.410)
	(1.769.226)	**(4.244.410)**
	997.377	**(3.659.219)**

As at 30 June 2021 and 31 December 2020, the derivative financial instruments correspond to foreign exchange forwards contracted with non-financial companies, maturing from January to March 2021 and from July to September 2020, respectively.

The notional of the forwards are recognized in off-balance sheet captions, in the amounts of AOA 39,821,277 thousand and AOA 39,785,662 thousand, as at 30 June 2021 and 31 December 2020, respectively.

As at 30 June 2021 and 30 June 2020, the changes in the fair value of debt securities recorded at fair value through profit or loss and the capital gains realised by the Bank, resulting from transactions in these securities are recorded under the caption "Profit/ (loss) from assets and liabilities at fair value through profit or loss" in the income statement.

The profit/(loss) from assets and liabilities at fair value through profit or loss are broken down as follows:

	30-06-2021	31-12-2020
Profit/(loss) from assets and liabilities at fair value through profit or loss		
Debt securities	14.104.954	9.220.495
Foreign exchange forwards	4.656.597	8.243.560
Equity instruments	228.731	54.285
Participation units	29.228	7.626
	19.019.510	**17.525.966**

8. INVESTMENTS AT AMORTIZED COST

As at 30 June 2021 and 31 December 2020, the caption of Investments at amortized cost had the following breakdown:

	30-06-2021											
	Risk level	Country	Currency	Nominal value	Acquisition cost	Accrued premium / discount	Exchange rate	Accrued interest	Net book value	Impairment (Note 17)	Net book value	Average interest rate
Debt securities												
Treasury Bonds in domestic currency:												
. Not indexed	A	Angola	KZ	695.053.300	547.393.676	61.066.762	-	21.278.239	629.738.677	(31.170.285)	598.568.392	14,61%
Treasury Bonds in foreign currency	A	Angola	USD	480.675.680	210.904.417	-	269.771.263	4.517.580	485.193.260	(29.967.251)	455.226.009	5,12%
				1.175.728.980	**758.298.093**	**61.066.762**	**269.771.263**	**25.795.819**	**1.114.931.937**	**(61.137.535)**	**1.053.794.402**	

	31-12-2020											
	Risk level	Country	Currency	Nominal value	Acquisition cost	Accrued premium / discount	Exchange rate	Accrued interest	Net book value	Impairment (Note 17)	Net book value	Average interest rate
Debt securities												
Treasury Bonds in domestic currency:												
. Not indexed	A	Angola	KZ	662.910.000	525.064.180	69.322.035	-	19.917.375	614.303.590	(34.014.842)	580.288.748	14,07%
Treasury Bonds in foreign currency	A	Angola	USD	417.208.169	147.245.709	-	269.962.460	3.642.952	420.851.121	(23.303.110)	397.548.011	4,99%
				1.080.118.169	**672.309.889**	**69.322.035**	**269.962.460**	**23.560.327**	**1.035.154.711**	**(57.317.952)**	**977.836.759**	

The breakdown of investments at amortized cost, by residual maturity, is shown in Note 30.2.

The fair value and the detail by fair value hierarchy of the investment portfolio at amortized cost are presented in Note 30.4.

The impairment losses as at 30 June 2021 and 31 December 2020 for the treasury bonds were calculated based on the credit risk parameters provided by the international rating agency Moody's.

Taking into consideration the evolution of the published external sovereign rating, the Treasury Bonds acquired before October 2017, have suffered more than 2 downgrades in rating since the acquisition date, being classified in Stage 2, according to the established impairment model.

Similarly, the Treasury Bonds acquired after October 2017 met the conditions to remain in Stage 1, to the extent that at the time of their acquisition the Angolan sovereign risk did not undergo significant changes in credit risk greater than 2 downgrades.

As at 30 June 2021 the increase recorded during the period is justified by the update of the impairment model, taking into account the new study by international rating agency Moody's published in April 2021.

A reconciliation of the changes in the book value and stage impairment losses of investments at amortized cost is presented below:

	30-06-2021					
	Stage 1		Stage 2		Total	
	Book Value	Impairment Losses	Book Value	Impairment Losses	Book Value	Impairment Losses
Opening balance as at 1 January 2021	**751.660.677**	**33.886.429**	**283.494.034**	**23.431.523**	**1.035.154.711**	**57.317.952**
Financial assets originated or derecognised	175.139.544	9.550.992	-	-	175.139.544	9.550.992
Variations due to changes in credit risk	-	(698.340)	-	(3.775.557)	-	(4.473.897)
Financial assets derecognised	(60.068.505)	(664.213)	(35.638.739)	(467.431)	(95.707.244)	(1.131.644)
Exchange variations and other movements	997.039	1	(652.113)	(125.869)	344.926	(125.868)
Balance as at 30 June 2021	**867.728.755**	**42.074.869**	**247.203.182**	**19.062.666**	**1.114.931.937**	**61.137.535**

As at 30 June 2021 and 31 December 2020, a total impairment of AOA 61,137,535 thousand and AOA 57,317,952 thousand was recorded, respectively (Note 17).

The increase of the impairment loss recorded in 2020 results directly from the revision of Angola's external rating which occurred in the second half of 2020.

9. LOANS AND ADVANCES TO CUSTOMERS

As at 30 June 2021 and 31 December 2020, the caption of loans and advances to customers had the following breakdown:

	30-06-2021	31-12-2020
Loans falling due		
Credit cards	619.820	488.909
General consumer loans	55.716.028	55.839.001
Car loans	32.447	47.073
Home loans	26.464.041	28.278.852
Overdrafts	672.403	335.898
Companies - less significant exposures	2.700.784	2.406.188
Companies - significant exposures	150.652.152	148.571.019
Public sector	89.478.456	121.869.700
Total Loans falling due	**326.336.131**	**357.836.640**
Overdue loans and interest		
General consumer loans	2.874.972	2.608.485
Car loans	983	1.951
Home loans	1.589.261	1.492.946
Overdrafts	600.816	2.362.806
Companies - less significant exposures	430.503	501.182
Companies - significant exposures	15.610.042	9.508.868
Total Overdue loans and interest	**21.106.577**	**16.476.238**
Total loans granted	**347.442.708**	**374.312.878**
Income receivable from loans granted	**10.148.690**	**13.505.871**
	357.591.398	387.818.749
Loans impairment (Note 17)	**(50.969.433)**	**(54.445.480)**
	306.621.965	**333.373.269**

As at 30 June 2021 and 31 December 2020, loans and advances to customers earned interest at the following annual weighted average rates:

		30-06-2021	31-12-2020
AKZ	In Kwanzas	16,14%	16,82%
USD	In US Dollars	6,22%	6,06%
EUR	In Euro	0,40%	0,33%

The balances shown for off-balance sheet items in Note 9 and Note 30.1 include guarantees provided and documentary credits and do not include the value of unused facilities for irrevocable commitments in the amount of AOA 32,225,719 thousand (2020: AOA 35,052,058 thousand).

As at 30 June 2021 and 31 December 2020, the group of ten largest debtors represents 68.83% and 64.66%, respectively, of the total loan portfolio (excluding guarantees issued and documentary credits).

In the period ended 30 June 2021 and in 2020, there were write-offs of loans in the amount of AOA 2,201,577 thousand and AOA 483,368 thousand, respectively (Note 17).

In the period ended 30 June 2021 and 2020, there were recoveries of credit and interest previously annulled or written off, in the amounts of AOA 702,482 thousand and AOA 932,640 thousand respectively (note 24 and note 17).

The loan portfolio, by segment, presents the following structure:

30-06-2021	Exposure											Impairment				
Segment	Total exposure	Loans in Stage 1	Of which cured	Of which restructured	Loans in Stage 2	Of which cured	Of which restructured	Of which acquired or originated in credit impairment	Loans in Stage 3	Of which cured	Of which restructured	Of which acquired or originated in credit impairment	Total impairment (Note 17)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3
Credit cards	619.820	598.822	-	-	15.440	-	-	-	5.558	-	-	-	3.264	135	229	2.900
General consumer loans	58.978.312	52.818.679	-	-	2.839.260	3.550	14.714	-	3.320.373	-	-	-	2.953.070	140.982	174.942	2.637.146
Car loans	33.600	32.348	-	-	-	-	-	-	1.252	-	-	-	783	33	-	750
Home loans	28.076.255	17.928.212	-	-	1.517.542	-	752.141	-	8.630.501	70.187	2.760.452	-	6.676.734	69.001	148.845	6.458.888
Overdrafts	1.273.219	282.751	-	-	485.871	-	-	-	504.597	-	-	-	392.962	717	4.476	387.769
Companies - less significant exposures	3.227.648	2.079.728	-	-	359.087	-	66.728	-	788.833	-	167.480	-	503.495	1.521	23.251	478.723
Companies - significant exposures	174.394.581	85.866.921	-	984.626	69.961.583	-	65.708.362	-	18.566.077	-	69.368	-	35.461.351	241.397	18.500.338	16.719.616
Public sector	90.987.963	46.511.237	-	-	44.476.726	-	-	-	-	-	-	-	4.977.774	2.840.411	2.137.363	-
Exposure of assets and liabilities	**357.591.398**	**206.118.698**	**-**	**984.626**	**119.655.509**	**3.550**	**66.541.945**	**-**	**31.817.191**	**70.187**	**2.997.300**	**-**	**50.969.433**	**3.294.197**	**20.989.444**	**26.685.792**
Documentary credits and guarantees issued																
Companies - less significant exposures	14.108.138	13.292.898	-	-	815.240	-	-	-	-	-	-	-	4.456	4.456	-	-
Companies - significant exposures	69.991.821	68.703.963	-	-	1.287.858	-	-	-	-	-	-	-	78.805	53.207	25.598	-
Off-balance sheet exposure	**84.099.959**	**81.996.861**	**-**	**-**	**2.103.098**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**83.261**	**57.663**	**25.598**	**-**
Total exposure	**441.691.357**	**288.115.559**	**-**	**984.626**	**121.758.607**	**3.550**	**66.541.945**	**-**	**31.817.191**	**70.187**	**2.997.300**	**-**	**51.052.694**	**3.351.860**	**21.015.042**	**26.685.792**

31-12-2020	Exposure											Impairment				
Segment	Total exposure	Loans in Stage 1	Of which cured	Of which restructured	Loans in Stage 2	Of which cured	Of which restructured	Of which acquired or originated in credit impairment	Loans in Stage 3	Of which cured	Of which restructured	Of which acquired or originated in credit impairment	Total impairment (Note 17)	Loans in Stage 1	Loans in Stage 2	Loans in Stage 3
Credit cards	488.909	443.978	-	-	42.772	-	-	-	2.159	-	-	-	1.595	175	26	1.394
General consumer loans	58.974.869	53.826.762	4.288	-	1.906.484	4.867	21.929	-	3.241.623	-	115	-	2.939.625	317.943	81.812	2.539.870
Car loans	49.400	46.825	-	-	-	-	-	-	2.575	-	-	-	1.414	117	-	1.297
Home loans	29.800.166	19.005.809	-	-	1.083.996	-	41.800	-	9.710.361	99.806	3.482.653	-	7.300.842	125.714	164.189	7.010.939
Overdrafts	2.698.704	214.579	65	-	621.902	698	-	-	1.862.223	-	-	-	1.627.207	6.752	204.175	1.416.280
Companies - less significant exposures	3.007.223	1.975.016	15	-	315.699	153	116.963	-	716.508	-	71.065	-	520.380	21.763	63.379	435.238
Companies - significant exposures	166.808.499	56.671.579	-	-	90.943.459	185.932	52.975.750	-	19.193.461	-	107.264	-	35.335.000	624.473	17.890.535	16.819.992
Public sector	125.990.979	49.407.412	-	-	76.583.567	-		-	-	-	-	-	6.719.418	2.794.233	3.925.185	-
Exposure of assets and liabilities	**387.818.749**	**181.591.960**	**4.368**	**-**	**171.497.879**	**191.650**	**53.156.442**	**-**	**34.728.910**	**99.806**	**3.661.097**	**-**	**54.445.480**	**3.891.169**	**22.329.301**	**28.225.010**
Documentary credits and guarantees issued (Note 28)	50.464.174	48.338.347	-	-	2.125.827	-	-	-	-	-	-	-	93.062	53.962	39.100	-
Total exposure	**438.282.923**	**229.930.307**	**4.368**	**-**	**173.623.706**	**191.650**	**53.156.442**	**-**	**34.728.910**	**99.806**	**3.661.097**	**-**	**54.538.542**	**3.945.131**	**22.368.401**	**28.225.010**

The details of the loan portfolio by segment and by year of concession of the operations are shown below:

30-06-2021	Exposure								
	Exposure without significant increase in credit risk since initial recognition (Stage 1)			Exposure with a significant increase in credit risk since initial recognition but not credit impaired (Stage 2)			Exposures with credit impairment (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	598.822	-	-	15.440	-	-	5.558	-	-
General consumer loans	52.818.679	-	-	1.956.209	862.092	20.959	104.014	43.233	3.173.126
Car loans	32.348	-	-	-	-	-	-	406	846
Home loans	17.928.212	-	-	1.287.105	139.898	90.539	2.482.323	608.627	5.539.551
Overdrafts	277.972	-	4.779	390.152	93.636	2.083	4.279	1.154	499.164
Companies - less significant exposures	2.079.728	-	-	343.470	14.540	1.077	289.284	13.107	486.442
Companies - significant exposures	85.807.085	59.836	-	69.373.764	-	587.819	73.663	-	18.492.414
Public sector	46.511.237	-	-	44.476.726	-	-	-	-	-
On-balance sheet exposure	**206.054.083**	**59.836**	**4.779**	**117.842.866**	**1.110.166**	**702.477**	**2.959.121**	**666.527**	**28.191.543**
Documentary credits and guarantees issued									
Companies - less significant exposures	13.292.898	-	-	815.240	-	-	-	-	-
Companies - significant exposures	68.703.963	-	-	1.287.858	-	-	-	-	-
Off-balance sheet exposure	**81.996.861**	**-**	**-**	**2.103.098**	**-**	**-**	**-**	**-**	**-**
Total exposure	**288.050.944**	**59.836**	**4.779**	**119.945.964**	**1.110.166**	**702.477**	**2.959.121**	**666.527**	**28.191.543**

30-06-2021	Impairment								
	Impairment without significant increase in credit risk since initial recognition (Stage 1)			Impairment with a significant increase in credit risk since initial recognition but not credit impaired (Stage 2)			Impairment without credit impairment increase (Stage 3)		
Segment	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	135	-	-	229	-	-	2.900	-	-
General consumer loans	140.982	-	-	12.247	155.852	6.843	57.253	24.406	2.555.487
Car loans	33	-	-	-	-	-	-	170	580
Home loans	69.001	-	-	100.846	24.611	23.388	1.374.421	389.808	4.694.659
Overdrafts	715	-	2	2.396	2.027	53	3.232	887	383.650
Companies - less significant exposures	1.521	-	-	22.901	288	62	176.797	10.208	291.718
Companies - significant exposures	236.825	4.572	-	18.060.615	-	439.723	10.400	-	16.709.216
Public sector	2.840.411	-	-	2.137.363	-	-	-	-	-
On-balance sheet exposure	**3.289.623**	**4.572**	**2**	**20.336.597**	**182.778**	**470.069**	**1.625.003**	**425.479**	**24.635.310**
Documentary credits and guarantees issued									
Companies - less significant exposures	4.456	-	-	-	-	-	-	-	-
Companies - significant exposures	53.207	-	-	25.598	-	-	-	-	-
Off-balance sheet exposure	**57.663**	**-**	**-**	**25.598**	**-**	**-**	**-**	**-**	**-**
Total exposure	**3.347.286**	**4.572**	**2**	**20.362.195**	**182.778**	**470.069**	**1.625.003**	**425.479**	**24.635.310**

31-12-2020	Exposure								
	Exposure without significant increase in credit risk since initial recognition (Stage 1)			Exposure with a significant increase in credit risk since initial recognition but not credit impaired (Stage 2)			Exposures with credit impairment (Stage 3)		
Segment	**≤ 30 days**	**> 30 days ≤ 90 days**	**> 90 days**	**≤ 30 days**	**> 30 days ≤ 90 days**	**> 90 days**	**≤ 30 days**	**> 30 days ≤ 90 days**	**> 90 days**
Credit cards	443.978	-	-	42.772	-	-	2.159	-	-
General consumer loans	53.826.762	-	-	1.505.223	380.302	20.959	120.990	40.412	3.080.221
Car loans	46.825	-	-	-	-	-	-	-	2.575
Home loans	19.005.809	-	-	472.537	264.927	346.532	3.628.023	515.470	5.566.868
Overdrafts	210.203	-	4.376	122.740	497.169	1.993	2.955	743	1.858.525
Companies - less significant exposures	1.975.007	9	-	189.260	38.071	88.368	142.837	955	572.716
Companies - significant exposures	56.658.616	-	12.963	89.162.197	-	1.781.262	107.264	-	19.086.197
Public sector	49.407.412	-	-	76.583.567	-	-	-	-	-
On-balance sheet exposure	**181.574.612**	**9**	**17.339**	**168.078.296**	**1.180.469**	**2.239.114**	**4.004.228**	**557.580**	**30.167.102**
Documentary credits and guarantees issued (Note 27)	48.338.347	-	-	2.125.827	-	-	-	-	-
Total exposure	**229.912.959**	**9**	**17.339**	**170.204.123**	**1.180.469**	**2.239.114**	**4.004.228**	**557.580**	**30.167.102**

31-12-2020	Impairment								
	Impairment without significant increase in credit risk since initial recognition (Stage 1)			Impairment with a significant increase in credit risk since initial recognition but not credit impaired (Stage 2)			Impairment without credit impairment increase (Stage 3)		
Segmento	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
Credit cards	175	-	-	26	-	-	1.394	-	-
General consumer loans	317.944	-	-	16.720	58.239	6.852	63.832	19.816	2.456.222
Car loans	117	-	-	-	-	-	-	-	1.297
Home loans	125.713	-	-	21.977	54.066	88.146	2.107.031	340.968	4.562.941
Overdrafts	6.750	-	3	6.409	196.910	855	2.250	565	1.413.465
Companies - less significant exposures	21.762	1	-	16.952	2.631	43.797	122.017	539	312.681
Companies - significant exposures	617.357	-	7.116	17.290.028	-	600.507	36.173	-	16.783.819
Public sector	2.794.232	-	-	3.925.186	-	-	-	-	-
On-balance sheet exposure	**3.884.049**	**1**	**7.119**	**21.277.298**	**311.846**	**740.157**	**2.332.697**	**361.888**	**25.530.425**
Documentary credits and guarantees issued (Note 27)	53.962	-	-	39.100	-	-	-	-	-
Total exposure	**3.938.011**	**1**	**7.119**	**21.316.398**	**311.846**	**740.157**	**2.332.697**	**361.888**	**25.530.425**

The breakdown of the loan portfolio by segment and by year in which the operations were granted is as follows:

	30-06-2021														
	Credit Cards			General consumer loans			Car loans			Home loans			Overdrafts		
Segment	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised
2016 and prior	18.717	552.100	3.174	4.654	2.202.334	1.852.723	72	1.252	750	302	6.274.581	3.861.034	8.992	848.390	197.087
2017	372	15.483	78	1.778	690.572	159.147	5	5.000	4	14	407.666	1.281	1.099	100.732	36.537
2018	72	3.465	1	8.732	7.148.259	335.323	3	8.568	10	15	278.495	10.619	1.218	134.478	48.897
2019	1.743	41.435	9	10.253	15.785.150	334.516	3	18.780	19	667	18.607.507	2.474.887	790	135.780	76.409
2020	9	715	1	7.019	18.752.180	190.184	-	-	-	28	1.566.686	199.613	363	49.919	33.806
2021	370	6.622	1	4.794	14.399.817	81.177	-	-	-	27	941.320	129.300	261	3.920	226
Total	**21.283**	**619.820**	**3.264**	**37.230**	**58.978.312**	**2.953.070**	**83**	**33.600**	**783**	**1.053**	**28.076.255**	**6.676.734**	**12.723**	**1.273.219**	**392.962**

	30-06-2021											
	Companies - less significant exposures			Companies - significant exposures			Public sector			Documentary credits and guarantees issued		
Segment	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised
2016 and prior	1.131	1.049.623	201.838	198	19.396.455	12.555.058	4	44.476.726	2.137.363	5	2.687.701	7.405
2017	372	170.249	76.209	20	8.445.351	801.130	-	-	-	15	4.858.894	4.776
2018	672	242.399	44.195	19	8.557.982	255.700	1	35.507.327	2.168.409	5	382.580	435
2019	517	773.863	101.045	22	22.125.006	7.284.314	1	11.003.910	672.002	5	4.433.627	1.721
2020	172	338.726	34.606	23	91.172.866	12.030.117	-	-	-	55	20.773.531	32.819
2021	41	652.788	45.602	26	24.696.921	2.535.032	-	-	-	158	50.963.626	36.105
Total	**2.905**	**3.227.648**	**503.495**	**308**	**174.394.581**	**35.461.351**	**6**	**90.987.963**	**4.977.774**	**243**	**84.099.959**	**83.261**

	31-12-2020														
	Credit Cards			General consumer loans			Car loans			Home loans			Overdrafts		
Segment	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised
2015 and prior	18.076	408.199	1.541	4.324	2.171.282	1.809.051	75	1.613	858	331	7.281.465	3.892.973	6.841	1.007.102	538.524
2016	642	30.735	10	794	159.387	66.627	6	2.862	440	10	269.074	1.100	1.112	163.217	89.256
2017	372	10.270	30	3.152	1.536.280	161.722	6	9.969	21	15	464.855	2.262	1.014	271.750	171.303
2018	70	4.775	2	9.942	9.495.187	322.886	2	4.412	13	13	252.627	19.815	994	258.206	167.544
2019	1.745	34.902	13	12.036	21.285.035	366.085	5	30.545	82	667	19.275.802	2.861.947	897	601.985	411.410
2020	10	29	0	7.903	24.327.699	213.254	-	-	-	60	2.256.343	522.745	534	396.445	249.171
Total	**20.915**	**488.909**	**1.595**	**38.151**	**58.974.869**	**2.939.625**	**94**	**49.400**	**1.414**	**1.096**	**29.800.166**	**7.300.842**	**11.392**	**2.698.704**	**1.627.207**

	31-12-2020											
	Companies - less significant exposures			Companies - significant exposures			Public sector			Documentary credits and guarantees issued		
Segment	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised	No. of transactions	Amount	Impairment recognised
2015 and prior	924	935.354	240.785	199	31.060.025	14.155.514	4	76.583.567	3.925.186	4	2.156.092	22.217
2016	196	68.095	23.316	23	9.020.630	214.444	-	-	-	3	308.364	1.444
2017	352	189.023	67.014	21	8.963.772	925.235	-	-	-	18	5.118.441	2.642
2018	548	236.489	33.593	21	12.087.215	1.013.279	1	38.836.337	2.196.387	10	409.591	36.193
2019	493	1.039.422	115.554	34	20.761.405	6.857.178	1	10.571.076	597.846	10	5.458.579	8.301
2020	119	538.840	40.118	30	84.915.452	12.169.350	-	-	-	189	37.013.107	22.264
Total	**2.632**	**3.007.223**	**520.380**	**328**	**166.808.499**	**35.335.000**	**6**	**125.990.979**	**6.719.419**	**234**	**50.464.174**	**93.062**

The detail of the amount of the gross credit exposure and the amount of impairment constituted for the exposures analysed individually and collectively, by segment, corresponds to the following:

By segment:	Credit cards		General consumer loans		Car loans		Home loans		Overdrafts	
30-06-2021	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collectively assessed impairment	616.429	2.299	55.149.680	1.227.080	33.600	783	20.538.963	1.205.206	1.267.361	392.702
Individualy assessed impairment	3.391	965	3.828.632	1.725.990	-	-	7.537.292	5.471.528	5.858	260
Total	**619.820**	**3.264**	**58.978.312**	**2.953.070**	**33.600**	**783**	**28.076.255**	**6.676.734**	**1.273.219**	**392.962**

By segment:	Companies - less significant exposures		Companies - significant exposures		Public sector		Documentary credits and guarantees issued	
30-06-2021	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collectively assessed impairment	2.778.623	360.460	76.638.014	1.465.482	90.987.963	4.977.774	79.458.953	76.120
Individualy assessed impairment	449.025	143.035	97.756.568	33.995.869	-	-	4.641.006	7.141
Total	**3.227.648**	**503.495**	**174.394.582**	**35.461.351**	**90.987.963**	**4.977.774**	**84.099.959**	**83.261**

By segment:	Credit cards		General consumer loans		Car loans		Home loans		Overdrafts	
31-12-2020	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collectively assessed impairment	487.101	743	57.027.690	1.148.380	49.028	1.042	21.644.745	844.304	2.698.042	1.627.035
Individualy assessed impairment	1.808	853	1.947.179	1.791.245	372	372	8.155.421	6.456.538	662	172
Total	**488.909**	**1.595**	**58.974.869**	**2.939.625**	**49.400**	**1.414**	**29.800.166**	**7.300.842**	**2.698.704**	**1.627.207**

By segment:	Companies - less significant exposures		Companies - significant exposures		Public sector		Documentary credits and guarantees issued	
31-12-2020	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collectively assessed impairment	2.701.363	348.680	73.198.844	2.189.872	125.990.979	6.719.419	50.464.174	92.667
Individualy assessed impairment	305.860	171.699	93.609.656	33.145.127	-	-	-	394
Total	**3.007.223**	**520.380**	**166.808.499**	**35.335.000**	**125.990.979**	**6.719.419**	**50.464.174**	**93.062**

The detail of the amount of the gross credit exposure and the amount of impairment constituted for the exposures analysed individually and collectively, by sector of activity, corresponds to the following:

By activity sector:	Real Estate, rental and services rendered by companies		Cultural, recreational and sports activities		Public administration, Defence and mandatory social security		Agriculture, forestry, and fishing		Accomodation and catering	
30-06-2021	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collectively assessed impairment	389.290	977	909.955	484.239	48.921.656	2.840.734	2.115.092	17.498	4.380.394	20.966
Individualy assessed impairment	-	-	17.000	6.386	-	-	38.222.660	12.125.221	272.727	50.658
Total	**389.290**	**977**	**926.955**	**490.625**	**48.921.656**	**2.840.734**	**40.337.752**	**12.142.719**	**4.653.121**	**71.624**

By activity sector:	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
30-06-2021	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collectively assessed impairment	25.339	16	4.591.223	168.575	50.563.067	109.580	745.865	545.943	296.607	794
Individualy assessed impairment	-	-	1.651.104	918.949	9.428.459	2.791.281	13.813	1.204	7.311.683	7.311.683
Total	**25.339**	**16**	**6.242.327**	**1.087.524**	**59.991.526**	**2.900.861**	**759.678**	**547.147**	**7.608.290**	**7.312.477**

By activity sector:	Manufacturing industries		Other service companies		Individuals		Production and distribution of electricity, gas and water		Health and social services		Transport, warehousing and communication	
30-06-2021	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collectively assessed impairment	3.025.284	6.700	59.793.294	2.566.230	77.697.374	2.830.901	1.210.100	1.634	383.442	26.537	6.464.209	10.463
Individualy assessed impairment	7.640.039	1.520.192	17.895.317	7.466.137	11.391.640	7.220.222	172.581	74.904	6.273	411	2.055.911	1.850.398
Total	**10.665.323**	**1.526.892**	**77.688.611**	**10.032.367**	**89.089.014**	**10.051.123**	**1.382.681**	**76.538**	**389.715**	**26.948**	**8.520.120**	**1.860.861**

By activity sector:	Real Estate, rental and services rendered by companies		Cultural, recreational and sports activities		Public administration, Defence and mandatory social security		Agriculture, forestry, and fishing		Accomodation and catering	
31-12-2020	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collectively assessed impairment	276.827	3.544	978.351	371.751	51.224.572	2.796.422	3.594.421	41.472	5.206.820	90.092
Individualy assessed impairment	-	-	17.000	6.386	-	-	50.069.259	11.743.218	289.217	61.377
Total	**276.827**	**3.544**	**995.351**	**378.137**	**51.224.572**	**2.796.422**	**53.663.680**	**11.784.690**	**5.496.037**	**151.469**

By activity sector:	Banks and insurance		Wholesale and retail trade		Construction		Education		Extractive industries	
31-12-2020	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collectively assessed impairment	10.094.551	4.122	7.276.638	167.717	52.336.308	611.351	750.266	475.218	277.276	2.595
Individualy assessed impairment	-	-	1.863.823	1.108.330	9.313.687	2.722.168	18.108	1.578	7.340.497	7.340.497
Total	**10.094.551**	**4.122**	**9.140.461**	**1.276.048**	**61.649.995**	**3.333.519**	**768.375**	**476.796**	**7.617.774**	**7.343.092**

By activity sector:	Manufacturing industries		Other service companies		Individuals		Production and distribution of electricity, gas and water		Health and social services		Transport, warehousing and communication	
31-12-2020	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment	Total exposure	Impairment
Collectively assessed impairment	11.356.484	20.831	102.168.362	4.466.559	82.136.944	3.627.317	1.912.241	13.125	180.201	29.138	4.491.704	250.887
Individualy assessed impairment	5.743.326	1.142.922	17.225.533	7.348.460	10.126.920	8.271.052	185.932	35.033	15.682	263	1.811.973	1.785.116
Total	**17.099.809**	**1.163.752**	**119.393.895**	**11.815.019**	**92.263.864**	**11.898.369**	**2.098.173**	**48.158**	**195.883**	**29.401**	**6.303.676**	**2.036.004**

The details of the restructured loan portfolio, by restructuring measure applied, are as follows:

	30-06-2021											
	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
Measure applied	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment
Loan extension	3	984.626	87.481	4	49.886.971	11.537.795	11	576.277	270.699	18	51.447.874	11.895.975
New Loan	-	-	-	16	16.654.974	2.942.405	75	2.421.023	1.509.949	91	19.075.997	4.452.354
Total	**3**	**984.626**	**87.481**	**20**	**66.541.945**	**14.480.200**	**86**	**2.997.300**	**1.780.648**	**109**	**70.523.871**	**16.348.329**

	31-12-2020											
	Loans in Stage 1			Loans in Stage 2			Loans in Stage 3			Total		
Measure applied	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment	No. of transactions	Exposure	Impairment
Loan extension	-	-	-	5	49.653.650	11.330.232	11	489.156	306.253	16	50.142.806	11.636.485
New Loan	-	-	-	11	3.502.792	407.115	80	3.171.942	1.945.828	91	6.674.734	2.352.943
Total	**-**	**-**	**-**	**16**	**53.156.442**	**11.737.347**	**91**	**3.661.098**	**2.252.082**	**107**	**56.817.540**	**13.989.429**

The inflows and outflows in the restructured loan portfolio were as follows:

	30-06-2021	31-12-2020
Opening balance of the restructured loan portfolio (net of impairment)	**56.817.540**	**10.712.572**
Restructured loans in the period	13.011.954	55.722.379
Accrued interest on the restructured loan portfolio	3.181.871	1.095.161
Settlement of restructured loans (partial or total)	(1.055.934)	(1.736.037)
Loans reclassified from "restructured" to "normal"	(73.875)	(4.853.478)
Other	(1.357.685)	(4.123.058)
Closing balance of the restructured loan portfolio (net of impairment)	**70.523.871**	**56.817.540**

The detail of the collaterals underlying the loan portfolio of the corporate, construction and real estate promotion, and residential segments is as follows:

	30-06-2021											
	Companies				Construction and Real Estate development				Housing			
	Real estate assets		Other collateral		Real estate assets		Other collateral		Real estate assets		Other collateral	
	No. of Properties	Amount	Number	Amount	No. of Properties	Amount	Number	Amount	No. of Properties	Amount	Number	Amount
< AOA 50k	17	482.945	30	620.822	1	47.100	6	68.004	29	993.432	3	76.268
> = AOA 50k and < AOA 100k	7	449.304	8	540.980	-	-	1	80.500	57	4.179.767	-	-
> = AOA 100k and < AOA 500k	40	11.111.144	23	4.873.063	1	119.510	5	1.443.315	80	15.879.008	2	762.280
> = AOA 500k and < AOA 1000k	8	6.314.178	5	3.269.835	2	1.594.329	5	3.910.188	2	1.427.660	1	646.000
> = AOA 1000k and < AOA 2000k	10	12.955.919	3	3.337.129	1	1.900.000	4	5.287.998	2	2.803.640	-	-
> = AOA 2,000k and < AOA 5,000k	8	24.128.224	2	6.718.875	-	-	3	6.538.431	1	2.842.400	-	-
> = AOA 5,000k	10	171.378.740	1	22.732.694	1	268.652.826	3	36.753.666	-	-	-	-
Total	**100**	**226.820.454**	**72**	**42.093.398**	**6**	**272.313.765**	**27**	**54.082.102**	**171**	**28.125.907**	**6**	**1.484.548**

	31-12-2020											
	Companies				Construction and Real Estate development				Housing			
	Real estate assets		Other collateral		Real estate assets		Other collateral		Real estate assets		Other collateral	
	No. of Properties	Amount	Number	Amount	No. of Properties	Amount	Number	Amount	No. of Properties	Amount	Number	Amount
< AOA 50k	12	201.960	41	718.645	1	47.100	3	44.793	50	1.558.949	3	76.268
> = AOA 50k and < AOA 100k	5	334.137	18	1.255.814	1	50.000	1	80.500	128	9.484.040	3	253.804
> = AOA 100k and < AOA 500k	36	10.097.937	30	7.526.367	1	120.177	6	1.951.189	205	40.119.720	5	1.425.881
> = AOA 500k and < AOA 1000k	11	8.137.561	9	6.546.074	2	1.598.059	5	3.910.188	8	5.166.996	1	649.604
> = AOA 1000k and < AOA 2000k	8	10.667.507	3	3.537.579	1	1.900.000	5	6.288.034	3	4.584.174	-	-
> = AOA 2,000k and < AOA 5,000k	4	12.530.329	-	-	-	-	4	10.201.979	1	2.858.258	-	-
> = AOA 5,000k	12	190.101.507	2	27.859.805	1	270.151.626	2	31.753.590	-	-	-	-
Total	**88**	**232.070.938**	**103**	**47.444.284**	**7**	**273.866.962**	**26**	**54.230.273**	**395**	**63.772.137**	**12**	**2.405.557**

In order to mitigate credit risk, loans have associated guarantees, namely mortgages or pledges. The fair value of these collaterals is determined at the loan granting date and is periodically reassessed.

The loan-collateral ratio of the corporate, construction and real estate promotion, and residential segments has the following structure:

	30-06-2021					
	No. of assets	No. of items of other collateral	Stage 1 loans	Stage 2 loans	Stage 3 loans	Impairment
Companies						
Without collateral	-	-	80.291.287	47.041.255	14.881.309	19.921.533
< 50%	6	9	110.880	63.576.113	-	14.250.240
> = 50% and < 75%	21	6	6.045.912	118.527	380.527	160.795
> = 75% and < 100%	4	11	5.970.404	8.227.859	889.498	2.399.321
> = 100%	69	46	11.765.499	3.144.533	2.078.594	1.520.844
Construction and Reat Estate development						
Without collateral	-	-	650.529	3.100.118	745.712	1.613.190
< 50%	-	1	1.377.212	-	-	2.840
> = 50% and < 75%	-	3	27.328	-	-	6
> = 75% and < 100%	-	12	20.299.095	-	-	35.832
> = 100%	6	11	7.834.931	3.091.894	354.927	1.013.708
Housing						
Without collateral	-	-	2.294.492	443.593	2.136.608	1.324.753
< 50%	-	-	-	-	-	-
> = 50% and < 75%	2	-	-	-	121.860	474
> = 75% and < 100%	3	1	82.874	-	132.796	133.047
> = 100%	166	5	2.631.500	529.918	3.283.717	2.960.783
Total	**277**	**105**	**139.381.943**	**129.273.810**	**25.005.548**	**45.337.366**

	31-12-2020					
	No. of assets	No. of items of other collateral	Stage 1 loans	Stage 2 loans	Stage 3 loans	Impairment
Companies						
Without collateral	-	-	70.759.987	78.268.375	2.185.576	8.896.339
< 50%	-	1	1.792.668	-	291.767	293.170
> = 50% and < 75%	-	2	28.371	41.338	-	119
> = 75% and < 100%	-	9	16.457.261	48.270.781	300.043	11.323.869
> = 100%	88	91	26.473.006	23.954.920	15.544.970	18.793.157
Construction and Reat Estate development						
Without collateral	-	-	13.783.218	2.223.973	451.258	382.538
< 50%	-	1	1.750.759	-	-	19.837
> = 50% and < 75%	-	-	-	-	-	-
> = 75% and < 100%	-	14	13.018.477	12.444.283	-	1.121.274
> = 100%	7	11	12.101.192	4.764.929	1.111.907	1.809.869
Housing						
Without collateral	-	-	641.239	99.770	436.921	401.580
< 50%	4	-	96.648	-	-	929
> = 50% and < 75%	-	-	-	-	33.343	33.343
> = 75% and < 100%	5	1	124.988	-	233.343	234.181
> = 100%	386	11	18.142.934	984.226	9.006.753	6.630.808
Total	**490**	**141**	**175.170.748**	**171.052.595**	**29.595.881**	**49.941.013**

The distribution of the loan portfolio measured by internal risk levels is presented as follows:

Segment	Risk Class A	Risk Class B	Risk Class C	Risk Class D	Risk Class E	Risk Class F	Risk Class G	Total
	Exposure as at 30/06/2021							
Credit cards	-	605.494	1.562	481	672	20	11.591	619.820
General consumer loans	928.893	53.520.149	759.924	445.029	255.047	48.896	3.020.374	58.978.312
Car loans	-	32.348	406	-	-	-	846	33.600
Home loans	109.133	18.746.291	280.337	33.731	178.441	51.454	8.676.868	28.076.255
Overdrafts	6.765	657.035	53.882	52.089	18.279	5.917	479.251	1.273.218
Companies - less significant exposures	353.256	2.256.421	51.915	36.893	27.641	20.242	481.280	3.227.648
Companies - significant exposures	20.727.302	83.327.924	2.546	37.540.052	15.456.921	290.509	17.049.328	174.394.582
Public sector	90.987.963	-	-	-	-	-	-	90.987.963
Exposure of assets and liabilities	**113.113.312**	**159.145.662**	**1.150.572**		**15.937.001**	**417.038**	**29.719.538**	**357.591.398**
Documentary credits and guarantees issued								
Companies - less significant exposures	13.816.546	291.593	-	-	-	-	-	14.108.139
Companies - significant exposures	18.742.990	51.248.830	-	-	-	-	-	69.991.820
Off-balance sheet exposure	**32.559.536**	**51.540.423**	**-**	**-**	**-**	**-**	**-**	**84.099.959**
Total exposure	**145.672.848**	**210.686.085**	**1.150.572**	**38.108.275**	**15.937.001**	**417.038**	**29.719.538**	**441.691.357**

Segment	Risk Class A	Risk Class B	Risk Class C	Risk Class D	Risk Class E	Risk Class F	Risk Class G	Total
	Impairment as at 30/06/2021							
Credit cards	-	1.509	449	9	242	-	1.055	3.264
General consumer loans	1.782	205.497	83.223	77.553	108.312	24.907	2.451.797	2.953.071
Car loans	-	33	170	-	-	-	580	783
Home loans	147	462.753	138.708	7.900	96.558	39.955	5.930.713	6.676.734
Overdrafts	1.844	6.558	923	1.896	13.391	4.421	363.928	392.961
Companies - less significant exposures	580	162.885	10.217	30.893	7.369	8.651	282.899	503.494
Companies - significant exposures	30.835	3.238.825	-	11.779.858	4.422.367	165.378	15.824.089	35.461.352
Public sector	4.977.774	-	-	-	-	-	-	4.977.774
Exposure of assets and liabilities	**5.012.962**	**4.078.060**	**233.690**	**11.898.109**	**4.648.239**	**243.312**	**24.855.061**	**50.969.433**
Documentary credits and guarantees issued								
Companies - less significant exposures	4.424	32	-	-	-	-	-	4.456
Companies - significant exposures	9.400	69.405	-	-	-	-	-	78.805
Off-balance sheet exposure	**13.824**	**69.437**	**-**	**-**	**-**	**-**	**-**	**83.261**
Total exposure	**5.026.786**	**4.147.497**	**233.690**	**11.898.109**	**4.648.239**	**243.312**	**24.855.061**	**51.052.694**

Segment	Risk Class A	Risk Class B	Risk Class C	Risk Class D	Risk Class E	Risk Class F	Risk Class G	Total
	Exposure as at 31-12-2020							
Credit cards	378	459.361	24.281	1.952	1.592	116	1.229	488.909
General consumer loans	708.706	54.665.310	354.831	91.282	223.362	77.148	2.854.231	58.974.869
Car loans	-	46.825	-	-	-	-	2.575	49.400
Home loans	109.678	19.886.884	408.898	50.051	175.654	211.453	8.957.547	29.800.166
Overdrafts	360	329.248	128.027	375.087	501.525	21.956	1.342.500	2.698.704
Companies - less significant exposures	415.391	1.837.195	83.990	44.266	61.208	34.824	530.350	3.007.223
Companies - significant exposures	21.904.187	64.611.673	16.948	49.208.772	13.495.828	605.501	16.965.590	166.808.499
Public sector	125.990.979	-	-	-	-	-	-	125.990.979
Exposure of assets and liabilities	**149.129.679**	**141.836.496**	**1.016.976**	**49.771.409**	**14.459.170**	**950.997**	**30.654.022**	**387.818.749**
Documentary credits and guarantees issued (Note 28)	5.444.216	45.019.958	-	-	-	-	-	50.464.174
Total Exposure	**154.573.895**	**186.856.453**	**1.016.976**	**49.771.409**	**14.459.170**	**950.997**	**30.654.022**	**438.282.923**

Segment	Impairment as at 31-12-2020 Risk Class A	Risk Class B	Risk Class C	Risk Class D	Risk Class E	Risk Class F	Risk Class G	Total
Credit cards	0	646	784	60	63	20	22	1.595
General consumer loans	3.692	393.412	47.355	26.214	97.766	41.479	2.329.707	2.939.625
Car loans	-	117	-	-	-	-	1.297	1.414
Home loans	251	466.486	193.335	14.103	89.295	169.846	6.367.525	7.300.842
Overdrafts	26	16.664	36.246	161.032	379.528	16.607	1.017.104	1.627.207
Companies - less significant exposures	5.440	152.578	14.061	32.129	25.420	16.506	274.245	520.380
Companies - significant exposures	234.951	3.638.074	76	11.386.910	4.086.072	307.927	15.680.990	35.335.000
Public sector	6.719.419	-	-	-	-	-	-	6.719.419
Exposure of assets and liabilities	**6.963.779**	**4.667.977**	**291.857**	**11.620.448**	**4.678.145**	**552.385**	**25.670.891**	**54.445.481**
Documentary credits and guarantees issued (Note 28)	17.234	74.366	212	28	155	30	1.037	93.062
Total Exposure	**6.981.012**	**4.742.343**	**292.069**	**11.620.475**	**4.678.300**	**552.416**	**25.671.927**	**54.538.542**

As at 30 June 2021 and 31 December 2020, the risk levels presented in the table above, are in accordance with the classification of Instruction no. 9/2015 of the Angolan National Bank.

As at 30 June 2021 and 31 December 2020, the details of the loans and advances to customers portfolio according to the credit risk categories (Stage 1, Stage 2, and Stage 3) are as follows:

30-06-2021	Exposure				Impairment			
Segment	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit cards	598.822	15.440	5.558	619.820	135	229	2.900	3.264
General consumer loans	52.818.679	2.839.260	3.320.373	58.978.312	140.982	174.942	2.637.146	2.953.070
Car loans	32.348	-	1.252	33.600	33	-	750	783
Home loans	17.928.212	1.517.542	8.630.501	28.076.255	69.001	148.845	6.458.888	6.676.734
Overdrafts	282.751	485.871	504.597	1.273.219	717	4.476	387.769	392.962
Companies - less significant exposures	2.079.728	359.087	788.833	3.227.648	1.521	23.251	478.723	503.495
Companies - significant exposures	85.866.921	69.961.583	18.566.077	174.394.581	241.397	18.500.338	16.719.616	35.461.351
Public sector	46.511.237	44.476.726	-	90.987.963	2.840.411	2.137.363	-	4.977.774
Exposure of assets and liabilities	**206.118.698**	**119.655.509**	**31.817.191**	**357.591.398**	**3.294.197**	**20.989.444**	**26.685.792**	**50.969.433**
Documentary credits and guarantees issued								
Companies - less significant exposures	13.292.898	815.240	-	14.108.138	4.456	-	-	4.456
Companies - significant exposures	68.703.963	1.287.858	-	69.991.821	53.207	25.598	-	78.805
Off-balance sheet exposure	**81.996.861**	**2.103.098**	**-**	**84.099.959**	**57.663**	**25.598**	**-**	**83.261**
Total exposure	**288.115.559**	**121.758.607**	**31.817.191**	**441.691.357**	**3.351.860**	**21.015.042**	**26.685.792**	**51.052.694**

31-12-2020	Exposure				Impairment			
Segment	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit cards	443.978	42.772	2.159	488.909	175	26	1.394	1.595
General consumer loans	53.826.762	1.906.484	3.241.623	58.974.869	317.943	81.812	2.539.870	2.939.625
Car loans	46.825	-	2.575	49.400	117	-	1.297	1.414
Home loans	19.005.809	1.083.997	9.710.361	29.800.166	125.714	164.189	7.010.939	7.300.842
Overdrafts	214.579	621.902	1.862.223	2.698.704	6.752	204.175	1.416.280	1.627.207
Companies - less significant exposures	1.975.016	315.700	716.508	3.007.223	21.763	63.379	435.238	520.380
Companies - significant exposures	56.671.579	90.943.459	19.193.461	166.808.499	624.473	17.890.535	16.819.992	35.335.000
Public sector	49.407.412	76.583.567	-	125.990.979	2.794.233	3.925.186	-	6.719.419
Exposure of assets and liabilities	**181.591.960**	**171.497.880**	**34.728.909**	**387.818.749**	**3.891.170**	**22.329.302**	**28.225.009**	**54.445.480**
Documentary credits and guarantees issued	48.338.347	2.125.826	-	50.464.174	53.962	39.100	-	93.062
Total exposure	**229.930.308**	**173.623.707**	**34.728.909**	**438.282.923**	**3.945.131**	**22.368.402**	**28.225.009**	**54.538.541**

A reconciliation of the changes in the book value and impairment losses by stage of loans and advances to customers is presented below:

	Stage 1		Stage 2		Stage 3		Total	
	Carrying amount	Impairment losses	Carrying amount	Impairment losses	Carrying amount	Impairment losses	Carrying amount	Impairment losses
Opening balance as at 1 January 2021	**183.347.025**	**3.891.170**	**171.497.880**	**22.329.302**	**34.281.596**	**28.225.009**	**389.126.501**	**54.445.481**
Financial assets originated or acquired	42.767.956	2.821.615	-	-	-	-	42.767.956	2.821.615
Exchange variations and other movements	-	(678.399)		(909.181)	(731.790)	(287.868)	(731.790)	(1.875.448)
Financial assets derecognised	(8.496.495)	(31.649)	(57.813.693)	(2.593.606)	(2.540.995)	(1.672.762)	(68.851.183)	(4.298.017)
Transfers to:								
Stage 1	11.421.123	70.702	(11.420.574)	(70.701)	(549)	(1)	-	-
Stage 2	(17.373.061)	(2.643.534)	18.340.609	2.736.010	(967.548)	(92.476)	-	-
Stage 3	(550.813)	(325.330)	(948.713)	(494.256)	1.499.526	819.586	-	-
Loans written off from assets								
Exchange variations and other movements	(4.997.037)	189.621	-	(8.123)	276.951	(305.696)	(4.720.086)	(124.198)
Balance as at 30 June 2021	**206.118.698**	**3.294.196**	**119.655.509**	**20.989.445**	**31.817.191**	**26.685.792**	**357.591.398**	**50.969.433**

The movement in financial instruments in the year ended 31 December 2020 was as follows:

	Stage 1	Stage 2	Stage 3	Total
Gross book value as at 1 January 2020	**1.603.047.080**	**74.951.959**	**23.270.895**	**1.701.269.934**
Balances at other credit institutions (Note 5)	42.522.475	-	-	42.522.475
Deposits with central banks and other credit institutions (Note 6)	457.492.832	-	-	457.492.832
Investments at amortised cost (Note 8)	842.084.352	-	-	842.084.352
Loans and advances to customers (Note 9)	260.947.421	74.951.959	23.270.895	359.170.275
Balances at other credit institutions (Note 5)				
New financial assets acquired or originated	-	-	-	-
Other changes	(16.227.134)	-	-	(16.227.134)
Deposits with central banks and other credit institutions (Note 6)				
New financial assets acquired or originated	649.862.691	-	-	649.862.691
Other changes	(457.492.832)	-	-	(457.492.832)
Investments at amortised cost (Note 8)				
New financial assets acquired or originated	153.512.293	-	-	153.512.293
Other changes	(243.935.968)	283.494.034	-	39.558.066
Loans and advances to customers (Note 9)				
Transfer to Stage 1	752.514	(745.345)	(7.169)	(0)
Transfer to Stage 2	(82.209.782)	82.621.062	(411.279)	0
Transfer to Stage 3	(1.574.539)	(6.275.337)	7.849.876	-
New financial assets acquired or originated	49.396.173	62.332.747	2.465.154	114.194.073
Derecognised financial assets	(29.713.015)	(39.171.858)	(1.762.056)	(70.646.929)
Loans written off from assets	-	-	(483.368)	(483.368)
Other changes	(16.006.810)	(2.215.347)	3.806.856	(14.415.301)
Gross book value as at 31 December 2020	**1.609.410.669**	**454.991.915**	**34.728.909**	**2.099.131.493**
Balances at other credit institutions (Note 5)	26.295.341	-	-	26.295.341
Deposits with central banks and other credit institutions (Note 6)	649.862.691	-	-	649.862.691
Investments at amortised cost (Note 8)	751.660.677	283.494.034	-	1.035.154.711
Loans and advances to customers (Note 9)	181.591.961	171.497.880	34.728.909	387.818.750

The movement in impairments for expected loss on financial instruments in the year ended 31 December 2020 was as follows:

	Stage 1	Stage 2	Stage 3	Financial assets acquired or originated with impairment due to expected losses	Total
Expected loss as at 1 January 2020	**17.805.293**	**9.013.603**	**18.407.671**	**-**	**45.226.567**
Balances at other credit institutions (Note 5)	14.678	-	-	-	14.678
Deposits with central banks and other credit institutions (Note 6)	745.837	-	-	-	745.837
Investments at amortised cost (Note 8)	13.232.514	-	-	-	13.232.514
Loans and advances to customers (Note 9)	3.812.264	9.013.603	18.407.671	-	31.233.538
Balances at other credit institutions (Note 6)					
New financial assets acquired or originated	-	-	-	-	-
Other changes	3.870	-	-	-	3.870
Deposits with central banks and other credit institutions (Note 7)					
New financial assets acquired or originated	770.956	-	-	-	770.956
Other changes	(745.837)	-	-	-	(745.837)
Investments at amortised cost (Note 8)					
New financial assets acquired or originated	7.561.820	-	-	-	7.561.820
Other changes	13.092.095	23.431.523	-	-	36.523.618
Loans and advances to customers (Note 9)					
Transfer to Stage 1	27.316	(24.027)	(3.288)	-	(0)
Transfer to Stage 2	(1.271.328)	1.420.208	(148.880)	-	(0)
Transfer to Stage 3	(17.296)	(569.950)	587.245	-	-
New financial assets acquired or originated	424.998	12.089.783	1.667.462	-	14.182.243
Derecognised financial assets	(416.695)	(6.978.282)	(1.097.906)	-	(8.492.884)
Loans written off from assets	-	-	(483.368)	-	(483.368)
Exchange rate and other movements	1.331.911	7.377.967	9.296.074	-	18.005.951
Expected loss as at 31 December 2020	**38.567.103**	**45.760.825**	**28.225.009**	**-**	**112.552.937**
Balances at other credit institutions (Note 5)	18.548	-	-	-	18.548
Deposits with central banks and other credit institutions (Note 6)	770.956	-	-	-	770.956
Investments at amortised cost (Note 8)	33.886.429	23.431.523	-	-	57.317.952
Loans and advances to customers (Note 9)	3.891.170	22.329.302	28.225.009	-	54.445.480

The risk factors associated with the impairment model, by segment, correspond to the following:

	Impairment in June 2021 - Average			
	PD		LGD	
Segment	Stage 1	Stage 2	Stages 1 and 2	Stage 3
Credit cards	0,05%	0,48%	37,17%	58,27%
General consumer loans	0,88%	15,10%	38,63%	90,38%
Car loans	0,57%	n.a.	22,60%	96,77%
Home loans	1,09%	39,56%	39,34%	68,51%
Overdrafts	0,64%	2,57%	53,11%	78,11%
Companies - less significant exposures	0,40%	4,12%	28,85%	60,11%
Companies - significant exposures	4,53%	20,03%	41,17%	92,03%

	Impairment in December 2020 - Average			
	PD		LGD	
Segment	Stage 1	Stage 2	Stages 1 and 2	Stage 3
Credit cards	0,50%	0,60%	37,17%	49,61%
General consumer loans	2,50%	17,50%	38,63%	49,37%
Car loans	0,60%	n.a.	22,60%	50,36%
Home loans	2,30%	69,10%	31,48%	37,60%
Overdrafts	1,10%	7,30%	53,13%	76,07%
Companies - less significant exposures	5,50%	39,40%	29,52%	54,36%
Companies - significant exposures	4,00%	25,40%	39,09%	81,64%

10. NON-CURRENT ASSETS HELD FOR SALE

As at 30 June 2021 and 31 December 2020 it is analysed as follows:

	30-06-2021	31-12-2020
Non-current assets held for sale		
Properties	606.592	606.592
Accrued impairment losses (Note 17)	(426.472)	(338.833)
	180.120	**267.759**

The amounts shown relate to properties received in recovery of loans, which are not in use, available for immediate sale.

11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The details of investments in subsidiaries, associates, and joint ventures as at 30 June 2021 and 31 December 2020 are presented as follows:

	30-06-2021				
	Country	Year of acquisition	Number of shares	% Shareholding	Acquisition cost
Shareholdings in subsidiaries					
SOFHA – Sociedade de Fomento Habitacional	Angola	2008	n.a	50,00%	375
BFA - Gestão de Activos	Angola	2016	n.a	99,99%	50.000
Total Investment in subsidiaries, associates, and joint ventures					**50.375**

	31-12-2021				
	Country	Year of acquisition	Number of shares	% Shareholding	Acquisition cost
Shareholdings in subsidiaries					
SOFHA – Sociedade de Fomento Habitacional	Angola	2008	n.a	50,00%	375
BFA - Gestão de Activos	Angola	2016	n.a	99,99%	50.000
Total Investment in subsidiaries, associates, and joint ventures					**50.375**

12. OTHER TANGIBLE AND INTANGIBLE ASSETS

The captions of Other Tangible and Intangible Assets present the following movement during the period ended 30 June 2021 and 31 December 2020:

	30-06-2021													
	Balances as at 31.12.2020				Additions	Impairment	Transfers	Write-offs, disposals and others	Amortisation		Balances as at 30.06.2021			
	Gross assets	Accumulated amortisation	Impairment	Net assets					for the period	Write-offs	Gross assets	Accumulated amortisation	Impairment	Net assets
Other tangible fixed assets														
Property used in operations	25.572.546	(9.812.289)	(432.624)	15.327.633	663.405	(10.202)	-		(406.714)	(587)	26.235.951	(10.219.590)	(442.826)	15.573.535
Furniture, tools, fixtures and equipment	24.496.083	(15.694.321)	-	8.801.762	2.981.176			(101.536)	(2.223.323)	101.522	27.375.723	(17.816.122)	-	9.559.601
Assets in progress	2.229.361	-	-	2.229.361	145.359			(367.600)	-	-	2.007.120	-	-	2.007.120
Right of use:	-	-	-	-							-	-	-	
Branches	4.186.441	(1.440.218)	-	2.746.223	340.244			(167.704)	(373.703)	61.432	4.358.981	(1.752.489)	-	2.606.492
Offices and central services	2.412.845	(1.008.436)	-	1.404.409	108.777				(272.462)	-	2.521.622	(1.280.898)	-	1.240.724
Other	250.158	(184.226)	-	65.932	156.791				(49.856)	-	406.949	(234.082)	-	172.867
Subtotal	**59.147.434**	**(28.139.490)**	**(432.624)**	**30.575.320**	**4.395.752**	**(10.202)**	**-**	**(636.840)**	**(3.326.058)**	**162.367**	**62.906.346**	**(31.303.181)**	**(442.826)**	**31.160.339**
Intangible assets														
Computer software	5.153.891	(4.940.419)	-	213.472	94.410	-	-	-	(123.062)	-	5.248.301	(5.063.481)	-	184.820
Organisation and expansion costs	101.571	(101.571)	-	-	-	-	-	-	-	-	101.571	(101.571)	-	-
Property-lease premiums	93.923	(93.923)	-	-	-	-	-	-	-	-	93.923	(93.923)	-	-
Other intangibles	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
Subtotal	**5.349.414**	**(5.135.942)**	**-**	**213.472**	**4.490.162**	**(10.202)**	**-**	**-**	**(123.062)**	**-**	**68.350.170**	**(36.562.185)**	**(442.826)**	**184.820**
Total	**64.497.253**	**(33.275.432)**	**(433.029)**	**30.788.792**	**4.584.572**	**(10.202)**	**-**	**-**	**(3.449.120)**	**162.367**	**73.793.994**	**(41.821.189)**	**(442.826)**	**31.345.159**

	31-12-2020													
	Balances as at 31.12.2019				Additions	Impairment	Transfers	Write-offs, disposals and others	Amortisation		Balances as at 31.12.2020			
	Gross assets	Accumulated amortisation	Impairment	Net assets					for the period	Write-offs	Gross assets	Accumulated amortisation	Impairment	Net assets
Other tangible fixed assets														
Property used in operations	24.686.815	(9.057.474)	(444.330)	15.185.011	373.586	11.706	512.145	-	(754.815)	-	25.572.546	(9.812.289)	(432.624)	15.327.633
Furniture, tools, fixtures and equipment	19.477.101	(12.888.273)	-	6.588.828	5.208.016	-	-	(189.034)	(2.984.669)	178.621	24.496.083	(15.694.321)	-	8.801.762
Assets in progress	2.730.445	-	-	2.730.445	566.178	-	(512.145)	(555.117)	-		2.229.361	-	-	2.229.361
Right of use:											-	-	-	-
Branches	6.943.669	(885.014)	-	6.058.655	490.903	-	-	(3.248.131)	(747.052)	191.848	4.186.441	(1.440.218)	-	2.746.223
Offices and central services	2.412.845	(488.250)	-	1.924.595	-	-	-	-	(520.186)		2.412.845	(1.008.436)	-	1.404.409
Other	186.150	(85.594)	-	100.556	64.008	-	-	-	(98.632)		250.158	(184.226)	-	65.932
Subtotal	**56.437.025**	**(23.404.605)**	**(444.330)**	**32.588.090**	**6.702.691**	**11.706**	**-**	**(3.992.282)**	**(5.105.354)**	**370.469**	**59.147.434**	**(28.139.490)**	**(432.624)**	**30.575.320**
Intangible assets														
Computer software	5.154.664	(4.524.439)	-	630.225	-	-	-	(773)	(416.753)	773	5.153.891	(4.940.419)	-	213.472
Organisation and expansion costs	101.571	(101.571)	-	-	-	-	-	-	-	-	101.571	(101.571)	-	-
Property-lease premiums	93.923	(93.923)	-	-	-	-	-	-	-	-	93.923	(93.923)	-	-
Other intangibles	29	(29)	-	-	-	-	-	-	-	-	29	(29)	-	-
Subtotal	**5.350.187**	**(4.719.962)**	**-**	**630.225**	**-**	**-**	**-**	**(773)**	**(416.753)**	**773**	**5.349.414**	**(5.135.942)**	**-**	**213.472**
Total	**61.787.212**	**(28.124.567)**	**-**	**33.218.315**	**6.702.691**	**11.706**	**-**	**(3.993.055)**	**(5.522.107)**	**371.242**	**64.496.848**	**(33.275.432)**	**(432.624)**	**30.788.792**

13. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

As at 30 June 2021 and 31 December 2020, the balances of current and deferred tax assets and liabilities have the following breakdown:

	30-06-2021	31-12-2020
Current tax assets	4.186	4.186
Total - Current tax assets	**4.186**	**4.186**
Current tax liabilities:		
VAT	395.697	908.347
Tax on investment income	5.324.577	6.039.550
Tax on employment income	571.506	530.924
Tax relating to remuneration	328.889	306.256
Total - Current tax liabilities	**6.620.669**	**7.785.077**

In the period ended 30 June 2020 and year ended 31 December 2020, the income tax expense recognized in the income statement, as well as the tax burden, measured by the relationship between the tax assessed and the income for the period before that assessment, can be summarized as follows:

	30-06-2021	31-12-2020
Current tax liabilities		
Industrial tax		-
Capital gains tax	6.279.959	11.141.490
Deferred tax assets	(433.610)	6.696.980
Adjustments of prior period estimates		
Industrial tax		-
Total tax recognised in the income statement	**5.846.349**	**17.838.470**
Profit before tax	**68.469.282**	**107.687.066**
Effective tax rate	**8,54%**	**16,57%**

The reconciliation between the nominal tax rate and the tax burden verified in the six-month period ended on 30 June 2021 and 30 June 2020, can be analysed as follows:

	Tax Rate	Amount	Tax Rate	Amount
Profit before tax		68.469.283		79.140.592
Tax calculated using nominal tax rate	35,00%	23.964.249	30,00%	23.742.178
Tax relief on income from public debt securities	-43,70%	(29.920.341)	-30,58%	(24.204.967)
Realised favourable exchange rate changes	-20,86%	(14.281.342)	0,00%	-
Other permanent differences	29,56%	20.237.434	-0,58%	(462.789)
Investment income tax (IAC)	9,17%	6.279.959	5,95%	4.707.196
Deferred tax assets	-0,63%	(433.610)	2,18%	1.722.340
Corporate income tax	**8,54%**	**5.846.349**	**6,95%**	**5.503.957**

Industrial Tax

As mentioned in Note 2.16, the Bank is subject to taxation under Industrial Tax, with the applicable tax rate being 35% in the period ended 30 June 2021.

Deferred Taxes

As at 30 June 2021 and 31 December 2020, the Bank has recorded deferred tax assets, in the amounts of AOA 2,074,480 thousand and AOA 1,645,788 thousand, respectively, resulting from timing differences. The Board of Directors believes that the conditions for their recognition are met, namely regarding the evolution of the future taxable income of the Bank that will allow for their deduction. These deferred tax assets were calculated based on the tax rates enacted for the period in which the respective asset is expected to be realised.

The Bank uses the rate of 35% to calculate deferred taxes.

As at 30 June 2021, tax losses by expiry year are analysed as follows:

Year	Expiry Year	Tax losses
2019	31/12/2022	19.792.674
2020	31/12/2025	113.274.327
2021	31/12/2026	40.948.470
		174.015.471

The Bank has not recognized deferred tax assets associated with tax losses.

The movement in deferred tax assets in the period ended 30 June 2021 and in the year ended 31 December 2020 was as follows:

	Balances as at 31-12-2020	Additions	Increases / reversals	Foreign exchange gain and losses	Balances as at 30-06-2021
Provisions temporarily not accepted as a tax cost:					
Provisions for bank risks, Retirement compensation and Social Fund	759.346	433.610	-	-	1.192.956
Impact of IFRS 9 adoption	886.442		-	(4.918)	881.524
	1.645.788	**433.610**	**-**	**(4.918)**	**2.074.480**

	Balances as at 31-12-2019	Additions	Increases / reversals	Foreign exchange gain and losses	Balances as at 31-12-2020
Provisions temporarily not accepted as a tax cost:					
Provisions for bank risks, Retirement compensation and Social Fund	6.575.364	213.321	(6.029.339)		759.346
Impact of IFRS 9 adoption	1.312.114		(880.962)	455.290	886.442
	7.887.478	**213.321**	**(6.910.301)**	**455.290**	**1.645.788**

The Tax authorities have the right to review the tax situation of the Bank during a period of five years, which may result, due to different interpretations of tax legislation, in possible corrections to the respective taxes assessed.

The Bank's Board of Directors believes that any additional payments, which may result from these reviews, will not be significant for the financial statements.

14. OTHER ASSETS

As at 30 June 2021 and 31 December 2020, this caption has the following breakdown:

	30-06-2021	31-12-2020
Foreign exchange transactions		
Foreign currency purchase and sale	1.069.371	4.034.190
	1.069.371	**4.034.190**
Other amounts relating to taxes		
Other taxes receivable	1.878.600	1.878.592
	1.878.600	**1.878.592**
Other amounts of a civil nature		
		-
Sundry debtors:		
Public sector - government	1.915.532	396.957
Private sector - companies	1.929.199	1.513.664
Private sector – employees	1.005.422	979.654
Private sector – individuals	2.081	3.116
Advances to fixed asset suppliers	4.323.659	2.412.325
Other debtors	-	40
	9.175.893	**5.305.756**
Other amounts of an administrative or commercial nature		
Advance on salaries	111.005	-
Prepaid expenses:		
Rents and leasing	49.671	24.904
Insurance	492.792	79.472
Other	277.612	227.520
	820.075	**331.896**
Office material	1.627.276	1.080.934
Other advance payments:		
Cash shortfalls	8.968	17.341
Active transactions to be settled	3.963.553	2.998.570
Other	10.637	5.852
	3.983.158	**3.021.763**
	18.665.378	**15.653.131**

As at 30 June 2021 and 31 December 2020, the balance of the caption "Foreign currency purchase and sale" corresponds to foreign exchange forwards to be settled on D+1.

As at 30 June 2021 and 31 December 2020, the caption "Other amounts of civil nature - Tax" essentially represents taxes recoverable through the provisional assessment of an Industrial Tax.

As at 30 June 2021 and 31 December 2020, the caption "Other amounts of a civil nature - Debtors: Public sector - government" refers mainly to income from commissions receivable from the General Tax Administration ("AGT"), as remuneration for tax collection services provided by the Bank and other services rendered to the State.

As at 30 June 2021 and 31 December 2020, the caption "Other amounts of a civil nature - Sundry Debtors: Advances to fixed asset suppliers" corresponds to advances made to fixed asset suppliers in the course of the Bank's business.

As at 30 June 2021 and 31 December 2020, the caption " Other amounts of an administrative or commercial nature - Active transactions to be settled" relates to open operations at the end of the month which were settled in the first days of the following month.

15. FUNDS OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

As at 30 June 2021 and 31 December 2020, this caption has the following breakdown:

	30-06-2021	31-12-2020
Interbank money market transactions		
Funds to credit institutions in Angola - Loans (AOA)	12.531.657	1.024.425
Funds of other entities		
Certified cheques	1.190.718	1.109.316
Funds tied to letters of credit	5.396.381	1.873.443
Other	79.609	81.115
	19.198.365	**4.088.299**

The grading of Funds of Central Banks and Other Credit Institutions by residual maturity is shown in Note 30.2.

As at 30 June 2021 and 31 December 2020, the balance of "Funds of other entities" relates, essentially, to interbank clearing amounts, namely, certified cheques and letters of credit for imports.

The caption "Funds tied to letters of credit" refers to the amounts deposited by customers, which are retained to settle import operations, for the purpose of opening the respective documentary credits.

16. RESOURCES FROM CUSTOMERS AND OTHER LOANS

As at 30 June 2021 and 31 December 2020, the caption "Resources from customers and other loans" has the following breakdown:

	30-06-2021	31-12-2020
Demand deposits of residents		
In national currency	556.793.443	648.307.040
In foreign currency	333.594.243	398.031.198
	890.387.686	**1.046.338.238**
Demand deposits of non-residents		
In national currency	35.167.318	35.931.354
In foreign currency	5.882.300	7.323.871
	41.049.618	**43.255.225**
Interest on demand deposits	32.229	97.544
Total demand deposits	**931.469.533**	**1.089.691.007**
Term deposits of residents		
In national currency	303.645.003	261.246.869
In foreign currency	891.869.880	883.845.804
	1.195.514.883	**1.145.092.673**
Term deposits of non-residents	7.901.333	10.161.240
Interest on term deposits	7.463.353	7.257.787
Total term deposits	**1.210.879.569**	**1.162.511.700**
Total deposits	**2.142.349.102**	**2.252.202.707**

As at 30 June 2021 and 31 December 2020, term deposits from customers have the following structure, according to the residual maturity of the operations:

	30-06-2021	31-12-2020
Less than 1 month	268.433.629	259.031.662
From 1 to 3 months	369.502.691	381.470.505
From 3 to 6 months	272.786.776	337.426.158
From 6 months to 1 year	295.427.909	176.385.958
From 1 year to 3 years	4.728.564	8.197.417
	1.210.879.569	**1.162.511.700**

As at 30 June 2021 and 31 December 2020, interest on term deposits from customers was due at the following weighted average annual rates:

	30-06-2021	31-12-2020
In Kwanza	10,57%	10,32%
In US Dollars	1,12%	1,42%
In Euro	0,01%	0,17%

As at 30 June 2021 and 31 December 2020, demand and term deposits presented the following structure, by type of customer:

	30-06-2021	31-12-2020
Demand deposits		
Public sector - Government	44.108.732	59.720.769
Public sector - Corporate	16.791.892	18.949.209
Companies	533.962.831	624.790.995
Retail	336.606.078	386.230.034
	931.469.533	**1.089.691.007**
Term deposits		
Public sector - Government	19.057.020	23.864.426
Public sector - Corporate	27.047.809	27.339.731
Companies	497.717.021	439.942.710
Retail	667.057.719	671.364.833
	1.210.879.569	**1.162.511.700**
	2.142.349.102	**2.252.202.707**

17. IMPAIRMENT AND OTHER PROVISIONS

The movement in impairment and other provisions during the period ended 30 June 2021 and 31 December 2020 was as follows:

		30-06-2021						
	Balances as at 31-12-2020	Charges for the period	Write-backs and reversals	Write-offs	Charge-off	Exchange and other differences	Transfers	Balances as at 30-06-2021
Impairment for other financial assets								
Funds at credit institutions (Note 5)	18.548	10.155	(20.396)	-	-	(525)	-	7.782
Deposits with credit institutions (Note 6)	770.956	306.298	(473.870)	-	-	(8.429)	-	594.955
Investments at amortised cost (Note 8)	57.317.952	7.623.945	(3.678.494)	-	-	(125.868)	-	61.137.535
	58.107.456	**7.940.398**	**(4.172.760)**	**-**	**-**	**(134.822)**	**-**	**61.740.272**
Impairment for other assets								
Non-current assets held for sale (Note 10)	338.833	87.639	-	-	-		-	426.472
Other tangible fixed assets and intangible assets (Note	432.624	10.202	-	-	-		-	442.826
	771.457	**97.841**	**-**	**-**	**-**	**-**	**-**	**869.298**
Loan impairment (Note 9)	**54.445.480**	**1.490.629**	**(2.633.947)**	**(2.201.577)**		**(131.152)**	**-**	**50.969.433**
Provisions:								
In relation to company law or the articles of associatic	22.831.006	-	-	-	(126.666)	(416.391)	-	22.287.949
Of an administrative or commercial nature	18.544.002	1.367.033	(815.806)	-	(105.459)	(8.537)	-	18.981.233
Collaterals provided (Note 9)	**93.063**	**80.611**	**(89.966)**	**-**	**-**	**(447)**	**-**	**83.261**
	41.468.071	**1.447.644**	**(905.772)**	**-**	**(232.125)**	**(425.375)**	**-**	**41.352.443**
	154.792.464	**10.976.512**	**(7.712.479)**	**(2.201.577)**	**(232.125)**	**(691.349)**	**-**	**154.931.446**

	31-12-2020							
	Balances as at 31-12-2019	Charges for the period	Write-backs and reversals	Write-offs	Charge-off	Exchange and other differences	Transfers	Balances as at 31-12-2020
Impairment for other financial assets								
Funds at credit institutions (Note 5)	14.678	310.971	(312.383)	-	-	5.282	-	18.548
Deposits with credit institutions (Note 6)	745.837	1.005.194	(1.186.299)	-	-	206.224	-	770.956
Investments at amortised cost (Note 8)	13.232.514	58.323.479	(15.716.872)	-	-	1.478.831	-	57.317.952
	13.993.029	**59.639.644**	**(17.215.554)**	**-**	**-**	**1.690.337**	**-**	**58.107.456**
Impairment for other assets								
Non-current assets held for sale (Note 10)	128.291	210.542	-	-	-	-	-	338.833
Other tangible fixed assets and intangible assets (Not	444.330	-	(11.706)	-	-	-	-	432.624
	572.621	**210.542**	**(11.706)**	**-**	**-**	**-**	**-**	**771.457**
Loan impairment (Note 9)	**31.233.538**	**28.516.225**	**(11.595.331)**	**(483.368)**	**-**	**6.774.416**	**-**	**54.445.480**
Provisions:								
In relation to company law or the articles of associatic	20.486.499	-	-		(4.116.582)	6.461.089	-	22.831.006
Of an administrative or commercial nature	3.211.713	16.669.252	(1.439.959)		(333.302)	436.298	-	18.544.002
Collaterals provided (Note 9)	**663.952**	**770.154**	**(1.432.496)**	**-**	**-**	**91.453**	**-**	**93.063**
	24.362.164	**17.439.406**	**(2.872.455)**	**(483.368)**	**(4.449.884)**	**6.988.840**	**-**	**41.468.071**
	70.161.352	**105.805.817**	**(31.695.046)**	**(966.736)**	**(4.449.884)**	**15.453.593**	**-**	**154.792.464**

	30-06-2020						
	Balances as at 31/12/2019	Increases	Decreases	Charge-off	Exchange and other differences	Transfers	Balances as at 30/06/2020
		Charges for the period	Write-backs and reversals				
Impairment for other financial assets							
Funds at credit institutions (Note 6)	14.678	289.226	(299.211)	-	2.469	-	7.162
Deposits with credit institutions (Note 7)	745.837	465.208	(741.102)	-	134.894	-	604.837
Investments at amortised cost (Note 9)	13.232.514	4.211.970	(3.394.953)	-	777.428	-	14.826.959
Non-current assets held for sale (Note 11)	128.291	-	-	-	-	-	128.291
Other tangible fixed assets and intangible assets (Note :	444.330	-	(5.956)	-	-	-	438.374
	14.565.650	**4.966.404**	**(4.441.222)**	**-**	**914.791**	**-**	**16.005.623**
Loan impairment (Note 10)	31.233.538	9.535.086	(1.199.357)	-	3.836.485	-	43.405.752
Provisions:							
General banking risks							
In relation to company law or the articles of association	20.486.499	-	-	(3.264.947)	3.942.426		21.163.978
Of an administrative or commercial nature	3.211.713	1.131.046	(4.687)	(208.728)	161.297		4.290.642
Of a tax nature	-	-	-	-	-		-
Of other natures	-	-	-	-	-		-
Collaterals provided (Note 10)	663.953	588.963	(920.496)	-	67.055	-	399.474
	24.362.165	**1.720.009**	**(925.182)**	**(3.473.674)**	**4.170.778**	**-**	**25.854.094**
	70.161.352	**16.221.499**	**(6.565.762)**	**(3.473.675)**	**8.922.054**	**-**	**85.265.468**

In financial year 2018, the Bank created the Social Responsibility Directorate, which is composed of the nuclei (i) monitoring the "BFA Solidário" projects and (ii) subsidies and will be responsible for the social actions of the Bank while the incorporation process of the Fundação BFA is not completed.

Since it is the intention of the Board of Directors of the Bank that the provision existing on 30 June 2021 in the amount of AOA 22,287,949 thousand be used as a monetary endowment for the initial assets of the Fundação BFA, it is also its intention that it be alternatively used through the social activity to be developed by the Social Responsibility Directorate until the incorporation of the Fundação BFA is completed.

As at 30 June 2021 and 31 December 2020, the caption "Provisions of an administrative and commercial nature" consists mainly of a provision to deal with fraud, ongoing legal proceedings, potential contingencies and other liabilities, corresponding to the best estimate of the costs that the Bank will bear with these liabilities in the future.

18. OTHER LIABILITIES AND LEASE LIABILITIES

As at 30 June 2021 and 31 December 2020, these captions have the following breakdown:

	30-06-2021	31-12-2020
Foreign exchange transactions		
Forward currency transactions	1.070.099	4.031.350
	1.070.099	**4.031.350**
Tax payable – withheld on behalf of third parties		
Income tax	407.133	219.613
Other	112.708	430.350
	519.841	**649.963**
Liabilities of a civil nature	3.085.589	2.464.707
Liabilities in relation to company law or the articles of association - Dividends to be settled	195.073.740	-
Liabilities of an administrative or commercial nature		
Staff - salaries	-	-
Holiday pay and holiday subsidy	6.136.575	5.830.181
Performance bonus	2.695.872	5.846.436
Other staff costs	5.270.921	5.151.447
Contributions to Banking labor union	6.365	-
	14.109.733	**16.828.064**
Other administrative and sales expenses payable		
Payable pending settlement	930.003	3.227.782
Accrued expenses	14.585.604	12.877.023
Movements in ATMs - pending settlement	13.321.745	6.803.234
VAT payable	1.098.794	1.193.897
Deposit Guarantee Fund	571.291	1.161.557
Other	2.852.137	10.577.891
	33.359.574	**35.841.384**
	247.218.576	**59.815.468**
Lease liabilities	6.980.723	7.318.355
	254.199.299	**67.133.823**

As at 30 June 2021 and 31 December 2020, the balance of the caption "Foreign currency purchase and sale" corresponds to transactions to be settled on D+1.

As at 30 June 2021 and 31 December 2020, the balance of the caption " Tax charges payable - withheld on behalf of third parties " includes amounts to be paid to the Tax Authorities in the month following the month to which it relates.

As at 30 June 2021 and 31 December 2020, the balance of the caption "Liabilities of a civil nature" corresponds to invoices to be paid to the Bank's suppliers.

As at 30 June 2021, the balance of the caption "Liabilities in relation to company law or the articles of association" corresponds to dividends attributed to the Bank's shareholders that are outstanding (note 19), in the amount of AOA 160,500,000 thousand and the remainder relates to dividends outstanding from the previous year.

As at 30 June 2021 and 31 December 2020, the balance of the caption "Liabilities of an administrative or commercial nature - Staff - salaries" includes the amounts of holiday pay and holiday subsidy, performance bonus and other staff costs.

As at 30 June 2021 and 31 December 2020, the balance of Other administrative and sales expenses payable - Accrued expenses includes the amount of AOA 14,585,604 thousand (2020: AOA 12,877,023 thousand) related to the creation of accrued expenses with third-party supplies and services provided and not yet invoiced by suppliers.

As at 30 June 2021 and 31 December 2020, the caption "Movements in ATMs - pending settlement" corresponds to operations carried out at ATMs that were regularised in the first days of the following month.

As at 30 June 2021 and 31 December 2020, the caption Lease liabilities corresponds to the present value of lease payments to be settled over the lease term, recognized under IFRS 16.

The detail of the lease liabilities by maturity is presented below:

	30-06-2021	31-12-2020
Lease liabilities		
Up to 1 year	2.556.561	2.477.190
From 1 to 5 years	5.156.747	5.665.697
More than 5 years	1.809.153	3.008.650
	9.522.461	**11.151.537**
Interest to be accrued in the net interest income	2.541.738	3.833.182
	6.980.723	**7.318.355**

19. EQUITY

Share Capital

The Bank was incorporated with a share capital of AOA 1,305,561 thousand (equivalent to EUR 30,188,657 at the exchange rate in force on 30 June 2002), represented by 1,305,561 registered shares of one thousand Kwanzas each, having been subscribed and realised through the incorporation of all the assets and liabilities, including property or real estate rights of all kinds, as well as all the rights and obligations of BFE's previous "Branch".

At the end of the 2004, 2003 and 2002 financial years, the Bank increased its capital by AOA 537,672 thousand, AOA 1,224,333 thousand and AOA 454,430 thousand, respectively, through the incorporation of the equity monetary restatement reserve, constituted in order to maintain the equivalent in Kwanzas of the initial capital allocation in foreign currency.

By a Unanimous Resolution of the General Meeting, of 4 October 2018, it was decided to proceed with the capital increase of BFA, by incorporating reserves recorded under the caption "Other Reserves and Retained Earnings" in the amount of AOA 11,478,004 thousand. This capital increase was realised within the scope of Notice no. 02/2018 of the Banco Nacional de Angola (hereinafter "Angolan National Bank"), which defines that the minimum value of the fully paid-up share capital in domestic currency is AOA 7,500,000 thousand.

Consequently, as at 30 June 2021 and 31 December 2020, the share capital of the Bank amounts to AOA 15,000,000 thousand, represented by 15,000,000 registered shares of one thousand Kwanzas each, resulting from the aforementioned capital increases.

As at 30 June 2021 and 31 December 2020, the shareholder structure of the Bank is as follows:

	30-06-2021		31-12-2020	
	Number of shares	%	Number of shares	%
Unitel, S.A.	7.785.000	51,90%	7.785.000	51,90%
Banco BPI, S.A.	7.213.050	48,09%	7.213.050	48,09%
Other entities of the BPI Group	1.950	0,01%	1.950	0,01%
	15.000.000	**100,00%**	**15.000.000**	**100,00%**

On 7 October 2016, Unitel, S.A. (Unitel) entered into an agreement with Banco BPI, S.A. (Banco BPI) for the purchase of 2% of the share capital of BFA, the celebration of which implied an increase in the shareholding percentage of Unitel in BFA from 49.9% to 51.9%. On that same date, the new shareholders' agreement in respect of BFA was also signed.

The completion of this operation was dependent on the verification of the following suspensive conditions:

- Authorization of the Angolan National Bank (BNA) regarding the increase in the qualified shareholding already held by Unitel in BFA and authorization of the capital transactions necessary for the payment to Banco BPI and the transfer to Portugal of the agreed price of EUR 28 million;
- Authorization of the BNA to change the Articles of Association (By-laws) of BFA;
- Approval of the operation by the General Meeting of Banco BPI.

On 12 December 2016, the Angolan National Bank reported that it was not opposed to the practice of the following acts:

i) Partial amendment of the By-laws of BFA;
ii) Increase in Unitel's qualified holding in the share capital of BFA through the acquisition from Banco BPI of 26,111 ordinary shares representative of 2% of share capital;
iii) Indirect acquisition of the qualified holding representative of 48.01% of the share capital of BFA, following the settlement of the general and mandatory takeover bid, launched by Caixabank on all shares representative of Banco BPI's share capital.

BNA established as a condition that the three operations referred to above are indivisible, that is, it is assumed that they must occur simultaneously or almost simultaneously or, if it is not possible for any reason to ensure their simultaneity, the operation referred to in (ii) must precede the operations referred to in (i) and (iii).

On 5 January 2017, pursuant to the share purchase and sale agreement signed in 2016, the sale, by Banco BPI to Unitel, of the aforementioned stake representing 2% of the share capital of BFA was completed.

On 26 November 2018, there was an increase in share capital which corresponded to an increase in the shareholding of each shareholder in proportion to their respective holdings in the share capital of the Bank at that date, with 13,694,439 shares having been issued with a par value of AOA 1,000. Thus, as at 31 December 2018, the Bank had a total of 15,000,000 ordinary shares outstanding. Bearing in mind that since 31 December 2018 there were no changes in the share capital of the Bank, the number of ordinary shares outstanding in the period ended 31 December 2020 is 15,000,000 shares.

Other reserves and retained earnings

As at 30 June 2021 and 31 December 2020, this caption has the following breakdown:

	30-06-2021	31-12-2020
Other reserves and retained earnings		
Legal reserve	17.155.909	17.155.909
Other reserves and retained earnings	233.442.538	375.972.818
	250.598.447	**393.128.727**

By unanimous resolution of the General Meeting of 23 April 2021, it was decided to distribute dividends to the shareholders in the amount of AOA 71,878,876 thousand, corresponding to 80% of the net profit obtained in the previous financial year (AOA 89,848,596 thousand), with the remaining amount being transferred to "Other Reserves" (AOA 17,969,720 thousand).

Subsequently, by unanimous resolution of the General Meeting of 16 June 2021, the shareholders unanimously decided to distribute other reserves and retained earnings in the amount of AOA 160,500,000 thousand - to be settled in three instalments on the following dates:

- 40% corresponding to AOA 64,200,000 thousand on 30 September 2021;
- 30%, corresponding to AOA 48,150,000 thousand on 30 June 2022;
- 30% corresponding to AOA 48,150,000 thousand on 30 June 2023;

IFRIC 17 - "Distributions of Non-cash Assets to Owners" establishes that the dividend payable is recorded considering the fair value of the asset to be delivered, which, in this case, given the fact that this distribution is made through cash outflow, its fair value was considered to be AOA 160,500,000 thousand.

Under current legislation, the Bank must constitute a legal reserve fund until same is equal to the share capital. To this end, a minimum of 10% of the previous year's net income is transferred to this reserve. This reserve can only be used to cover accrued losses when the remaining reserves are exhausted. As at 30 June 2021 and 31 December 2020, the Bank is complying with the legal reserve requirements.

Earnings and dividend per share

In the period ended 30 June 2021 and the year ended 31 December 2020, the basic earnings per share and the dividend attributed, related to the previous financial year's income, were as follows:

	30-06-2021	31-12-2020
Average no. of ordinary shares issued	15.000.000	15.000.000
Net income for the period	62.622.933	89.848.596
Dividends distributed in the period, in respect of the previous period	71.878.876	47.976.077
Extraordinary dividends distributed in the period	160.500.000	6.101.097
Basic earnings per share	4,17	5,99
Diluted earnings per share	4,17	5,99
Dividends per share distributed in the period, in respect of the previous period	15,49	3,61

In accordance with the provisions of IAS 33 - Earnings per share, the basic Earnings per share and the Dividend attributed in the period must be adjusted retrospectively, in all the periods affected, in the event of an increase or reduction in the number of ordinary shares.

20. NET INTEREST INCOME

In the periods ended 30 June 2021 and 30 June 2020, this caption has the following breakdown:

	30-06-2021	30-06-2020
Interest income and similar income		
For short-term investment:		
Term deposits at credit institutions abroad	240.974	1.993.934
Term deposits at credit institutions in Angola	256.852	48.088
Other	1.064	79.013
Income from reverse repurchase		
agreements	1.579.416	1.441.871
	2.078.306	**3.562.906**
From securities:		
From securities at fair value through profit or loss		
Treasury bills	14.420.085	3.168.165
Treasury bonds	5.401.152	9.938.584
From investment at amortised cost		
Treasury bonds	63.814.770	64.054.030
	83.636.007	**77.160.779**
From loans granted		
Companies and government		
Loans	16.684.624	10.298.779
Current account facility	2.610.450	4.031.735
Other loans	6.838	11.966
Home loans	180.116	246.910
Consumer loans	4.313.558	4.341.239
Other purposes	1.531.499	1.667.745
Overdue interest	1.617.240	454.822
Interest income and similar income	**112.658.638**	**101.776.881**
Interest expense and similar expenses		
From deposits:		
Demand deposits	234.811	238.264
Term deposits	21.034.257	13.362.197
	21.269.068	**13.600.461**
Short-term borrowings		
Interbank money market transactions	155.106	525.132
	155.106	**525.132**
Other interest expense and similar expenses	490.877	719.540
	490.877	719.540
Total interest expense and similar expenses	**21.915.051**	**14.845.133**
	90.743.587	**86.931.748**

21. FEE AND COMMISSION INCOME / EXPENSE

In the periods ended 30 June 2021 and 30 June 2020, this caption has the following breakdown:

	30-06-2021	30-06-2020
Income from services provided		
Fees on payment orders issued	1.049.822	794.587
Fees on guarantees and sureties provided	369.071	189.050
Fees for import letters of credit opened	473.072	598.314
Fees for ATMs and POS terminals	3.841.814	3.013.164
Fees on securities	3.434.652	2.421.611
Fees on interbank services	257.135	205.750
Fess on cards	564.085	364.967
Fees on cheques issuance	571.818	434.265
Fees on on foreign exchange sales	716.477	678.560
Other fee and commission income	1.100.684	1.879.116
	12.378.630	**10.579.384**
Fees and custody costs		
Fees	(3.441.696)	(3.365.118)
Total	**8.936.934**	**7.214.266**

The amount recorded under the caption “Other fee and commission income” corresponds, essentially, to income from fees and commissions associated with movements made with credit cards and operations carried out in Multicaixa (ATM).

22. NET GAINS/(LOSES) ON FOREIGN EXCHANGE GAINS/(LOSSES)

In the periods ended 30 June 2021 and 30 June 2020, this caption has the following breakdown:

	30-06-2021	30-06-2020
Exchange gains / (losses) on assets and liabilities		
denominated in foreign currency	(2.385.266)	(5.398.755)
Foreign currency purchase and sale operations	7.611.043	23.501.316
	5.225.777	**18.102.561**

The item “Exchange gains / (losses) on assets and liabilities denominated in foreign currency” essentially refers to the foreign exchange results related to the exchange revaluation of the Bank’s assets and liabilities in foreign currency and securities in Kwanzas indexed to US Dollars.

23. GAINS/(LOSSES) ON DISPOSAL OF OTHER ASSETS

In the periods ended 30 June 2021 and 30 June 2020, this caption has the following breakdown:

	30-06-2021	30-06-2020
Gains/(Losses) on disposal of fixed assets		
Gains on disposal of tangible fixed assets	22.413	32.039
Losses on disposal of tangible fixed assets	(197)	(823)
	22.216	**31.216**

24. OTHER OPERATING INCOME/(EXPENSES)

In the periods ended 30 June 2021 and 30 June 2020, this caption has the following breakdown:

	30-06-2021	30-06-2020
Other operating income:		
Recovery of administrative and commercial expenses	2.627.060	2.371.949
Gains from credit recovery	702.482	932.640
Other	1.266.258	3.524.220
	4.595.800	**6.828.809**
Other operating expense		
Contribution to the Deposit Guarantee Fund	(929.004)	(531.108)
Non-income related taxes and levies	(3.369.476)	(2.103.362)
Penalties imposed by regulatory authorities	(223.488)	(24.217)
Other	(6.328)	(78.701)
	(4.528.296)	**(2.737.388)**
	67.504	**4.091.421**

In the six-month period ended 30 June 2021 and 2020, the caption "Non-income related taxes and levies" includes a balance relating to value added tax of AOA 2,537,086 thousand and AOA 1,687,702 thousand, respectively.

In the period ended 30 June 2021 and 2020, the caption "Other operating income - Recovery of administrative and commercial expenses" refers, essentially, to: (i) the reimbursement of communication and mailing expenses originally borne by the Bank, namely in carrying out payment order operations and (ii) gains from lease renegotiations.

25. STAFF COSTS

In the periods ended 30 June 2021 and 30 June 2020, this caption has the following breakdown:

	30-06-2021	30-06-2020
Members of management and supervisory bodies	**42.733**	**282.483**
Employees		
Monthly remuneration	13.031.674	12.608.612
Additional remuneration	11.896.153	9.467.287
Mandatory employee welfare payments	1.330.637	1.576.086
Optional employee welfare payments	2.074.490	1.136.918
	28.332.954	**24.788.903**
Pension plans costs		
Supplementary pension plan	1.638.797	1.505.858
Other	19.617	29.981
	1.658.414	**1.535.839**
	30.034.101	**26.607.225**

In 2013, with reference to the last day of the year, the Bank constituted the "Fundo de Pensões BFA" (BFA Pension Fund) to cover the responsibilities of retirement pensions for old age, disability and survival that the Bank granted to its Angolan employees registered with Social Security, having used the provisions previously constituted as an initial contribution to the BFA Pension Fund (defined contribution plan). According to the Fund's constitution contract, BFA will contribute annually with 10% of the salary subject to Angolan Social Security charges, applied on fourteen salaries. As at 30 June 2021 and 30 June 2020, the Bank's contribution to the BFA Pension Fund amounted to AOA 1,638,797 thousand and AOA 1,505,858 thousand, respectively.

The responsibility for the management of the BFA Pension Fund rests with Fenix – Sociedade Gestora de Fundos de Pensões, S.A. The Bank assumes the role of depositary of the Fund.

26. THIRD-PARTY SUPPLIES AND SERVICES

In the periods ended 30 June 2021 and 30 June 2020, this caption has the following breakdown:

	30-06-2021	30-06-2020
Audits, consulting and other specialised technical services	7.380.629	5.277.926
Security, maintenance and repairs	4.468.408	3.751.706
Transport, travel and accommodation	1.307.271	1.331.998
Rentals	174.944	101.981
Communications	1.512.347	1.307.896
Water and Energy	484.467	850.409
Publications, advertising and direct mail	1.261.994	1.379.972
Sundry materials	1.798.883	748.677
Insurance	234.989	326.331
Other third-parties suppliers	175.060	574.500
	18.798.992	**15.651.396**

27. OFF-BALANCE SHEET CAPTIONS

These captions have the following breakdown:

	30-06-2021	31-12-2020
Liabilities to third parties:		
Guarantees provided	55.705.786	34.083.715
Commitments to third parties		
- Documentary credits opened	28.394.174	16.380.459
	84.099.960	**50.464.174**
Liabilities for services rendered:		
Services provided by the institution		
- Safekeeping of securities	1.152.819.962	1.074.737.736
- Clearing of cheques drawn on foreign banks	188.720	189.302
- Documentary remittances	(86.173.025)	(90.972.706)
	1.066.835.657	**983.954.332**

As at 30 June 2021 and 31 December 2020, the caption "Documentary credits opened" includes open documentary credits guaranteed by blocked deposits in the Bank, in the amounts of AOA 5,396,381 thousand and AOA 1,873,443 thousand, respectively (Note 15).

As at 30 June 2021 and 31 December 2020, the Bank has constituted provisions to cover the credit risk assumed on the granting of guarantees and documentary credits, in the amounts of AOA 83,261 thousand and AOA 93,063 thousand, respectively (Notes 9 and 17).

The notional of the forwards are recognized in off-balance sheet captions, in the amounts of AOA 39,821,277 thousand and AOA 39,785,662 thousand, as at 30 June 2021 and 31 December 2020, respectively.

As at 30 June 2021 and 31 December 2020, the caption "Safekeeping of securities" refers, essentially, to securities of customers in the custody of the Bank.

28. RELATED PARTIES

In accordance with IAS 24, the following are considered entities related to the Bank:

- the entities that exercise, directly or indirectly, a significant influence over the management and financial policy of the Bank - Shareholders;
- those over which the Bank exercises, directly or indirectly, a significant influence over their financial management and policy - Associates and joint ventures and the Pension Fund;
- the members that are key management personnel of the Bank, considering for this purpose the members of the Board of Directors, executive and non-executive, and the Companies over which the members of the Board of Directors have control or joint control;
- subsidiaries, joint ventures or associates of the shareholder holding control over the Bank;
- key personnel of the shareholder holding control over the Bank (executive and non-executive members of the Board of Directors);
- entities controlled or jointly controlled by the key personnel of the shareholder holding control over the Bank; and
- entities controlled or jointly controlled by the close family members of the key personnel of the Shareholders.

The related entities of the Bank with which it maintained balances or transactions in the period ended 30 June 2021 and in financial year 2020 are as follows:

BFA's Shareholders

- BPI Group
- Unitel

Members of the supervisory or management bodies - UNITEL	Companies in which members of the supervisory or management bodies have significant influence
António Miguel Ferreira Geraldes	ARLOQUI GESTÃO EMPREENDIMENTOS SA
João Boa Francisco Quipipa	JBFQ EMPREENDIMENTOS
Amílcar Frederico Alves de Lima Safeca	NODIBRAND SISTEMAS, TECNOLOGIA E CONSULTORIA
Luiz Henrique Soares Rosa	ANTOSC, S.A
	ANGLOBAL - COMERCIO, INDUSTRIA E SERVIÇOS, SA

UNITEL investees
ANGOLA CABLES, S.A.
UNITED INTERNATIONAL BV
HOLDFINANCE
UNI TELECOMUNICAÇÕES
UNITEL SOCIEDADE IMOBILIÁRIA
TELEACE JLT
UNICADA - AGRO-INDUSTRIAL (SU), S.A.
UNITEL SPM SERVOÇOES DE PAGAMENTOS MÓVEIS (SU) S.A.
UNITEAL SOCIEDADE IMOBILIÁRIA, S.A (USI - MOBILIÁRIA, SA)

BFA

- Members of Supervisory or Management Bodies and Companies in which the Members have Control

Board of Directors	Companies where members have control or joint control
Rui Jorge Carneiro Mangueira António José Simões Matias Divaldo Kenda Feijó Palhares Jacinto Manuel Veloso Luís Roberto Fernandes Gonçalves Natacha Sofia Da Silva Barradas António Manuel Costa Alfaia Paulo Lelis De Freitas Alves Osvaldo Salvador De Lemos Macaia Sebastião Machado Francisco Massango Vera Cristina Dos Anjos Tangue Escórcio	BLENDGEST CONSULTING LDA VLS GLOBAL EMPREENDIMENTOS EDICAL LDA SEILMA, LDA HONGAMBANDU RESTAURAÇÃO E CATERING

Supervisory Board	Companies where members have control or joint control
Ari Nelson Correia Brandão João Filipe Melão Dias Valdir De Jesus Lima Rodrigues	ADVISORS PRESTAÇÃO DE SERVIÇOS LDA PISON IMOBILIÁRIA LDA ATELIER DO PEIXE LDA

- Investees of BFA

BFA GESTÃO DE ACTIVOS SGOIC. S.A.

Board of Directors	Companies where members have control or joint control
Rui Gonçalves De Oliveira Manuel André Carla Jesus Henrique Manuel Camões Serra Catarino Eduardo César Eliana Maria Fontes Dos Santos Ana Marisa Da Rocha Domingos Katiavala Carvalho Da Silva	EUROCUANZA LDA CNST - SFRV, LDA C&S - ASSURANCE AND ADVISORY, S.A

*Other members of the Board of Directors are Directors of BFA identified above.

- **Pension Fund**
  BFA Pension Fund

- **Qualified Parties**

Unitel's Shareholders	Qualified Parties
MS TELECOM - MERCURY, SERVIÇOS DE TELECOMUNICAÇÃO, S.A - 25% GENI S.A.RL - 25% VITADEL - 25% SONANGOL E.P - 25%	Isabel José dos Santos
	Companies where it has control/significant influence
	COTROL.SOC. AGRO-PECUÁRIA COMÉRCIO LDA FINSTAR-SOC.DE INVEST. E PARTICIPAÇOES, SA INFOSYSTEMS-SOC.SISTEMAS DE INF. S.A. ZAP MEDIA, S.A URBINVESTE-PROMOÇÕES PROJECT IMOBILI,SA LANDSCAPE P.P. IMOBILIÁRIOS, LDA URBINVESTE-PROMOÇÕES PROJECT IMOBILI,SA ZAP PUBLISHING, S.A SODIBA - SOC. DISTR. BEBIDAS ANGOLA, LDA YOU CALL LDA FAZENDA GIRASSOL, LDA HIPERGEST, SOC DE INV. CAP. FIXO, S.A EMBALVIDRO - INDUSTRIA (SU), LDA GOTS - SOC. INVEST. IMOB. CAP. FIXO, S.A EFACEC ANGOLA, LDA NOVA CIMANGOLA II, S.A NOVA CIMANGOLA, S.A NOVA CIMANGOLA - GESTAO DE ACTIVOS, S.A DORSAY, SGPS S.A SOCIP CIMINIVEST S.A EASYHOME, S.A FUNDAÇÃO SINDIKA DOKOLO CONTIDIS, LDA SAGEST - SOC. ANGOLANA DE GESTAO, S.A SOKLINKER PARCEIROS COMERCIAIS, (SU), LDA AMIGOTEL - TELO CITY EXPRESSO - SERVIÇOS, LDA AMIGOTEL - COMERCIO GERAL, LDA (60%) AMIGOTEL - SONYERICKSON (60%) CIMINIVEST - SOC. DE INVEST. E PARTICIPAÇÃO, S.A TIMWE ANGOLA, LDA (10%)

As at 30 June 2021 and 31 December 2020, the main balances and transactions maintained by the Bank with related entities are as follows:

	30-06-2021							
	Shareholders of BFA		Members of BFA's Board of Directors	Companies in which BFA Board members have significant influence	Investees	BFA Pension Fund	Related parties via Unitel	Total
	BPI	Unitel						
Cash and demand deposits								
Cash and demand deposits in credit institutions	9.076.092	-	-	-	-	-	-	9.076.092
Short-term investments								
Other loans to credit institutions	258.209.824	-	-	-	-	-	-	258.209.824
Loans granted	2.318	-	226.305	-	292.096	-	14.505.041	15.025.759
Customer deposits								
Demand deposits	(10.693.988)	(109.741.935)	(309.006)	(26.660.208)	(22.612)	(53.503)	(5.475.725)	(152.956.976)
Term deposits	-	(153.920.575)	(372.149)	-	(22.323)	(8.203.587)	(1.266.084)	(163.784.718)
Other liabilities	-	-	-	-	-	-	-	-
Interest income and similar income	(127.243)	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	(127.243)
Interest expense and similar charges	-	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	-
Fee and commission expense and other costs	-	n.d.	n.d.	n.d.	n.d.	n.d.	n.d.	-
Securities used as deposit	-	(153.935.978)	(1.811.648)	(976.600)	(55.000)	(35.795.827)	(528.176)	(193.103.228)
Participation units	-	(4.500.000)	(16.000)	-	(23.000)	-	(112.467)	(4.651.467)
Letters of credit	-	7.956.969	-	-	-	-	-	7.956.969
Bank guarantees	-	17.881.524	-	-	-	-	-	17.881.524

	31-12-2020							
	Shareholders of BFA		Members of BFA's Board of Directors	Companies in which BFA Board members have significant influence	Investees	BFA Pension Fund	Related parties via Unitel	Total
	BPI	Unitel						
Cash and demand deposits								
Cash and demand deposits in credit institutions	11.078.777	-	-	-	-	-	-	11.078.777
Short-term investments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other loans to credit institutions	387.139.009	-	-	-	-	-	-	387.139.009
Loans granted	2.025	-	355.180	-	-	-	11.317.367	11.674.572
Customer deposits	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Demand deposits	-	(121.168.707)	(1.092.450)	(24.278.110)	(12.634)	-	(3.407.809)	(149.959.710)
Term deposits	-	(119.898.665)	(468.920)	-	(6.496)	(8.151.840)	(1.865.117)	(130.391.038)
Other liabilities	-	-	-	-	-	-	-	-
Interest income and similar income	(187.569)	-	-	-	-	-	-	(187.569)
Interest expense and similar charges	-	-	-	-	-	-	-	-
Fee and commission expense and other costs	-	-	-	-	-	-	-	-
Securities used as deposit	-	(179.188.005)	(2.320.344)	(678.576)	-	(28.287.612)	(1.100.292)	(211.574.829)
Participation units	-	(4.500.000)	(31.800)	(50.000)	-	(3.732.757)	(118.000)	(8.432.557)
Letters of credit	-	12.948	-	-	-	-	-	12.948
Bank guarantees	-	-	-	-	-	-	-	-

The information presented regarding the "members of BFA's supervisory and management bodies" includes the main balances and transactions maintained by the Bank with:

- Members of BFA's supervisory and management bodies; and
- Close members of the members of the BFA's supervisory and management bodies.

The information presented regarding the "Companies over which BFA's supervisory and management bodies have a significant influence or control" includes the main balances and transactions maintained by the Bank with:

- Companies over which the members of BFA's supervisory and management bodies have a significant influence; and
- Companies over which the close members of the members of BFA's supervisory and management bodies have a significant influence.

The information presented regarding the "Related parties via Unitel" includes the main balances and transactions maintained by the Bank with:

- Members of the Board of Directors of Unitel;
- Companies over which the members of the Board of Directors of Unitel have a significant influence;
- Close family members of the members of the Board of Directors of Unitel; and
- Investees of Unitel.

The information presented with reference to the periods ended 30 June 2021 and the 2020 financial year does not include expenses and income with Unitel, with the Members of BFA's supervisory and management bodies, with the Companies over which they have a significant influence or control, with the Investees, with the BFA Pension Fund and with related parties via Unitel.

29. BALANCE SHEET BY CURRENCY

As at 30 June 2021 and 31 December 2020, the balance sheets by currency have the following structure:

	30-06-2021					
	Kwanzas	**US Dollar**	**Euro**	**Indexed at the US Dollar**	**Other currencies**	**Total**
Cash and Balances at Central Banks	274.100.485	36.581.200	206.119.061	-	980.792	517.781.538
Balances at other credit institutions	-	12.659.666	11.910.118	-	3.040.423	27.610.207
Deposits with central banks and other credit institutions	50.234.016	467.615.219	50.652.908	-	6.254.253	574.756.396
Financial assets at fair value through profit or loss	200.044.760	15.166.189	39.405	45.575.924	-	260.826.278
Investments at amortised cost	598.568.392	455.226.010	-	-	-	1.053.794.402
Loans and advances to customers	261.112.846	45.253.155	255.958	-	6	306.621.965
Non-current assets held for sale	180.120	-	-	-	-	180.120
Investments in subsidiaries, associates and joint ventures	50.375	-	-	-	-	50.375
Other tangible fixed assets	31.160.339	-	-	-	-	31.160.339
Intangible assets	184.820	-	-	-	-	184.820
Current tax assets	4.182	3	1	-	-	4.186
Deferred tax assets	1.192.956	881.524	-	-	-	2.074.480
Other assets	15.414.493	106.957	3.143.928	-	-	18.665.378
Total Assets	**1.432.247.784**	**1.033.489.923**	**272.121.379**	**45.575.924**	**10.275.474**	**2.793.710.484**
Funds of central banks and other credit institutions	13.722.800	2.711.666	2.759.527	-	4.372	19.198.365
Customer funds and other borrowings	906.396.849	988.917.010	243.459.759	-	3.575.484	2.142.349.102
Financial liabilities at fair value through profit or loss	1.769.226	-	-	-	-	1.769.226
Provisions	17.397.086	23.946.701	6.968	-	1.688	41.352.443
Current tax liabilities	6.620.647	22		-		6.620.669
Lease liabilities	6.124.072	-	-	856.651	-	6.980.723
Other liabilities	196.407.250	22.381.013	24.232.950		4.197.363	247.218.576
Total Liabilities	**1.148.437.930**	**1.037.956.412**	**270.459.204**	**856.651**	**7.778.907**	**2.465.489.104**
Net Assets / (Liabilities)	**283.809.854**	**(4.466.489)**	**1.662.175**	**44.719.273**	**2.496.567**	**328.221.380**
Equity	**328.221.380**	**-**	**-**	**-**	**-**	**328.221.380**

	31-12-2020					
	Kwanzas	**US Dollar**	**Euro**	**Indexed at the US Dollar**	**Other currencies**	**Total**
Cash and Balances at Central Banks	221.400.386	36.278.323	215.589.755	-	948.371	474.216.835
Balances at other credit institutions	17.000	10.686.321	11.357.264	-	4.216.208	26.276.793
Deposits with central banks and other credit institutions	16.481.254	569.666.124	55.851.540	-	7.092.817	649.091.735
Financial assets at fair value through profit or loss	283.980.794	3.518.432	40.971	78.154.091	-	365.694.288
Investments at amortised cost	587.007.693	390.829.066	-	-	-	977.836.759
Loans and advances to customers	255.187.818	77.929.638	255.795	-	18	333.373.269
Non-current assets held for sale	267.759	-	-	-	-	267.759
Investments in subsidiaries, associates and joint ventures	50.375	-	-	-	-	50.375
Other tangible fixed assets	30.575.320	-	-	-	-	30.575.320
Intangible assets	213.472	-	-	-	-	213.472
Current tax assets	4.186			-		4.186
Deferred tax assets	759.347	886.441	-	-	-	1.645.788
Other assets	10.488.781	111.428	3.861.149	-	1.191.773	15.653.131
Total Assets	**1.406.434.185**	**1.089.905.773**	**286.956.474**	**78.154.091**	**13.449.187**	**2.874.899.710**
Funds of central banks and other credit institutions	2.133.776	356.587	1.510.894	-	87.042	4.088.299
Customer funds and other borrowings	953.755.298	1.034.587.831	257.666.534	-	6.193.044	2.252.202.707
Financial liabilities at fair value through profit or loss	4.244.410	-	-	-	-	4.244.410
Provisions	17.444.727	24.016.696	6.184	-	464	41.468.071
Current tax liabilities	7.785.055	22		-		7.785.077
Lease liabilities	6.056.215	-	-	1.262.140	-	7.318.355
Other liabilities	1.449.600	29.211.164	21.046.103		8.108.601	59.815.468
Total Liabilities	**992.869.081**	**1.088.172.300**	**280.229.715**	**1.262.140**	**14.389.151**	**2.376.922.387**
Net Assets / (Liabilities)	**413.565.104**	**1.733.473**	**6.726.759**	**76.891.951**	**(939.964)**	**497.977.323**
Equity	**497.977.323**	**-**	**-**	**-**	**-**	**497.977.323**

30. RISK MANAGEMENT

BFA's activities are exposed to a variety of financial risk factors, including the effects of changes in market prices: foreign exchange risk, credit risk, liquidity risk and cash flow risks associated with interest rate risk, among others.

BFA's risk management is controlled by the Risk Management Department, in accordance with policies approved by the Board of Directors. In this sense, the Board of Directors has defined, in writing, the main global risk management principles, as well as specific policies for some areas, such as interest rate risk, liquidity risk and credit risk.

The Board of Directors defines the principles for risk management as a whole and policies that cover specific areas, such as exchange risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, as well as the investment of excess liquidity.

Main risk categories

Credit – Credit risk is the uncertainty of recovery of an investment and its return, due to the debtor's (or guardian, if applicable) inability to fulfil its financial commitments to the Bank, causing a financial loss to the creditor. Credit risk is reflected in debt securities or other receivables.

Market – Market risk reflects the potential loss that can be recorded by a given portfolio as a result of changes in rates (interest and exchange rates) and/or the prices of the different financial instruments that comprise it, considering both the correlations between them and the respective volatilities. Therefore, Market Risk encompasses the risk of interest rate, exchange rate and other price risks.

Liquidity – Liquidity risk reflects the inability of the Bank to meet its liabilities associated with financial liabilities on each maturity date without incurring significant losses as a result of a deterioration in the conditions of access to financing (financing risk) and/or sale of its assets for amounts lower than the amounts usually practised in the market (market liquidity risk).

Real Estate - Real estate risk is the probability of negative impacts on income and/or capital due to unfavourable changes in the market price.

Operating – Operating risk is the probability of failures or inappropriateness of internal procedures, information systems, human behaviour or external events.

30.1 Credit risk

Credit risk corresponds to the risk of default by counterparties, with which the Bank maintains open positions in financial instruments, as a creditor. In accordance with the BFA General Credit Regulation, the granting of credit, in the Bank, is based on the following basic principles:

Formulation of proposals

Loan operations, or guarantees, subject to the decision of BFA:

- Are adequately characterised in the Technical Data Sheet, containing all the essential and accessory elements necessary for the formalisation of the operation;
- They respect the respective product sheet;
- Are accompanied by a duly substantiated credit risk analysis;
- Contain the signatures of the proposing bodies.

Credit risk analysis

In the credit risk analysis, the total exposure of the Bank to the customer, or to the group to which the customer belongs, is considered, according to the terms of the legislation applicable at any time. Exposures in respect of the same customer or economic group are classified, having as the reference those that represent the greatest risk.

Currently, considering the regulations of the Angolan National Bank:

- For a single customer, all its liabilities vis-à-vis the Bank, in force or potential, already contracted or committed, for financing and guarantees are considered (total exposure of the Bank to the customer);
- For a group of customers, the sum of the liabilities of each customer that constitutes the group is considered (total exposure of the Bank to the group); and
- The existence of guarantees with State risk, or with immediate liquidity, has an impact on the calculation of the value of the Global Exposure.

Classification of Risk

The Bank classifies loan operations in ascending order of risk, according to the following classes:

Level A: Minimum risk
Level B: Very low risk
Level C: Low risk
Level D: Moderate risk
Level E: High risk
Level F: Very high risk
Level G: Maximum risk

The individual classification of the exposure considers the characteristics and risks of the operation and of the borrower, being classified, initially, based on the following criteria adopted by the Bank:

- **Level A**: operations that are:

(i) assumed by the Angolan State, encompassing its central and provincial administrations;

(ii) assumed by central administrations, central banks of countries, included in group 1 (defined in Instruction no. 1/2015, of 14 January, of the Angolan National Bank), international organisations and multilateral development banks;

(iii) fully guaranteed by cash deposits, or certificates of deposit, constituted or issued by the lending institution, or by institutions in a dominant relationship, or a group relationship with the lending institution and having their registered office in Angola, or a country included in group 1, multilateral development banks and international organisations, provided that the exposure and the deposit or certificate are denominated in the same currency;

(iv) fully guaranteed by cash deposits or certificates of deposit constituted or issued by the lending institution or by branches of the lending institution, not covered by the preceding paragraph, provided that the exposure and the deposit or certificate are denominated in the same currency;

(v) fully guaranteed by securities or bonds issued by the Angolan State, or by the Angolan National Bank.

- **Level B and others**: remaining loans.

The classification of exposures is revised whenever there are changes in the indications of impairment in payment delays.

Within the scope of the regular review of loan operations, including operations with overdue loans, BFA performs reclassifications of overdue loan operations to not yet due, based on an analysis of the economic prospects of collectability, considering namely, the existence of guarantees, the assets of the borrowers or guarantors and the existence of transactions which risk BFA equates to State risk or, too, when the circumstances of delay result from the sole responsibility of the Bank due to the sporadic failure of its processes.

Association of Guarantees

When granting loans to individuals, or small companies, with a term of more than 36 months, in the absence of short-term financial investments, BFA requires, as a rule, the provision of a real guarantee of immovable property.

Loan operations have associated guarantees considered appropriate to the borrower's risk, and the nature and term of the operation, which are duly substantiated, in terms of sufficiency and liquidity.

Real guarantees are assessed prior to the loan decision, and these assessments are periodically reviewed. Exceptions to this rule (with decisions being conditional on a subsequent assessment) imply that disbursement will only occur after the Bank has obtained the guarantee assessment.

The main types of collateral for loans and advances to customers are:

- Mortgages on residential properties;
- Encumbrances on company assets, such as facilities, inventory or accounts receivable;
- Encumbrances on financial instruments, such as debt securities or shares; and
- Encumbrances on term deposits at the institution.

Long-term financing and loans to corporate entities usually have an associated guarantee. On the contrary, revolving credit products do not generally have an associated guarantee.

Collaterals obtained as a guarantee for financial assets, other than loans and advances to customers, always depends on the type of financial instrument. Debt instruments do not normally have an associated guarantee, except for securitised instruments, which are backed by portfolios of financial instruments. On the other hand, derivative instruments have associated guarantees.

The Bank's policies regarding collateral obtained as a guarantee have not changed significantly during the reporting period, and there have also been no significant changes in the quality of the collaterals held by the Bank since the previous period.

The Bank monitors collaterals obtained as a guarantee for loans in respect of impaired customers, as it becomes more likely that the Bank will take possession of these collaterals to mitigate possible credit losses. Loans to impaired customers (stage 3) and the collaterals obtained as guarantee are detailed as follows:

	30-06-2021			
	Gross loans	Impairment	Net loans	Fair value of collaterals
Individuals				
Credit cards	5.558	2.900	2.658	-
Current accounts	21.478	21.478	-	-
Loans	2.807.659	2.213.150	594.509	3.972.602
Leasing	9.147.469	6.886.260	2.261.209	25.781.100
Overdrafts	504.459	387.769	116.690	-
	12.486.623	**9.511.557**	**2.975.066**	**29.753.702**
Companies				
Current accounts	481.759	409.896	71.863	47.100
Loans	16.316.136	14.398.648	1.917.488	67.641.553
Leasing	284.878	194.449	90.429	9.281.602
Overdrafts	2.247.795	2.171.242	76.553	-
	19.330.568	**17.174.235**	**2.156.333**	**76.970.255**
Total	**31.817.191**	**26.685.792**	**5.131.399**	**106.723.957**

	31-12-2020			
	Gross loans	Impairment	Net loans	Fair value of collaterals
Individuals				
Credit cards	2.159	1.394	765	-
Current accounts	21.478	21.478	-	-
Loans	2.929.540	2.299.323	630.217	5.125.652
Leasing	10.028.020	7.255.040	2.772.980	16.091.365
Overdrafts	1.862.190	1.416.280	445.910	-
	14.843.387	**10.993.515**	**3.849.872**	**21.217.017**
Companies				
Current accounts	932.664	424.632	508.032	1.070.226
Loans	16.467.861	14.453.060	2.014.801	19.763.127
Leasing	300.581	218.523	82.058	4.961.085
Overdrafts	2.184.416	2.135.279	49.137	-
	19.885.522	**17.231.494**	**2.654.028**	**25.794.438**
Total	**34.728.909**	**28.225.009**	**6.503.900**	**47.011.455**

Exclusions due to Incidents

The Bank neither grants loans to customers with material incidents in the last 24 months that BFA is aware of, nor to other companies that are part of a group with customers that are in this situation. The following are considered material incidents:

- Delays in making payments of principal or interest owed to a financial institution of more than 45 days;
- Irregular use of means of payment under the responsibility of that person or entity;
- Pending legal actions against that person or entity that have potential adverse effects on their economic or financial situation.

Exceptions to these rules have specific decision rules under the Bank's general credit regulation, which are more rigorous.

Restructurings

By principle, BFA only formalises ongoing loan restructuring operations, after assessing the customer's ability to comply with the new plan, if the following criteria are met:

- New guarantees (more net and/or more valuable) are presented for the new operation;
- Interest and late payment fees are paid in advance (in the event of a non-performing operation); and
- There is a significant partial settlement of the outstanding principal (performing and/or non-performing).

Exceptionally, and if none of the described assumptions are verified, BFA admits formalising the formal restructuring of private individuals' debts, if it is verified that in the last 6 months, deposits were made of a minimum amount equal to the instalment amount foreseen for the restructured operation.

Loan operations restructured due to the customer's financial difficulties are defined in the General Credit Regulation and comply with the regulator's specific regulations in this matter.

The restructuring operations are marked, for the purpose of aggravating risk, and are monitored periodically regarding the fulfilment of the established plan, only being unmarked when certain conditions of regularity in the fulfilment of the plan are met.

The operations subject to renegotiation are maintained, at least, at the same risk level in which they were classified in the month immediately prior to the renegotiation. Reclassification to a lower risk level occurs only if there is a regular and significant amortization of the operation, payment of overdue interest and late payment fees, or in function of the quality and value of new guarantees presented for the renegotiated operation.

Monitoring of non-performing loans

Non-performing loans are accompanied by the commercial teams, as a rule until they are 60 days in arrears, with monitoring being done by a specialised team. After 60 days of non-compliance, the management of the relationship is transferred to this specialised team, which mission is to collaborate in loan recovery actions, being able to assume negotiations and restructuring proposals, and being responsible for monitoring the processes under its management.

The restructuring negotiations follow the principles mentioned above.

This team is responsible for the management and relationship with the customer, with the aim of recovering the loan, resorting to the enforcement, through the courts, if necessary.

Impairment

BFA implemented a model to calculate impairment losses of the loan portfolio, in accordance with the requirements set out in IFRS 9.

BFA calculates the impairment losses of the loan portfolio monthly based on the implemented model, with the amount of impairment determined being approved by the Executive Committee of the Board of Directors.

The first application and the respective results of this model were calculated with reference to 1 January 2018. Since that reference date, monthly calculations have been carried out. The half-yearly results are approved by the Board of Directors of the Bank.

Securities and bonds

BFA's securities portfolio respects the principle of the high credit quality of its issuers, being mainly comprised of securities issued by the Angolan State and the Angolan National Bank, as at 30 June 2021 and 31 December 2020.

As at 30 June 2021 and 31 December 2020, the maximum exposure to credit risk presents the following detail:

	30-06-2021			31-12-2020		
	Gross carrying amount	Impairment	Net carrying amount	Gross carrying amount	Impairment	Net carrying amount
On-balance sheet						
Cash and Balances at Central Banks	517.781.538	-	517.781.538	474.216.835	-	474.216.835
Balances at other credit institutions	27.617.989	(7.782)	27.610.207	26.295.341	(18.548)	26.276.793
Deposits with central banks and other credit institutions	575.351.351	(594.955)	574.756.396	649.862.691	(770.956)	649.091.735
Financial assets at fair value through profit or loss	260.826.278	-	260.826.278	365.694.288	-	365.694.288
Investments at amortised cost	1.114.931.937	(61.137.535)	1.053.794.402	1.035.154.711	(57.317.952)	977.836.759
Loans and advances to customers	357.591.398	(50.969.433)	306.621.965	387.818.749	(54.445.480)	333.373.269
Other assets	18.665.378	-	18.665.378	15.653.131	-	15.653.131
	2.872.765.869	**(112.709.705)**	**2.760.056.164**	**2.939.042.615**	**(112.552.936)**	**2.826.489.680**
Off-balance sheet						
Documentary credits and guarantees issued	84.099.959	(83.261)	84.016.698	50.464.174	(93.063)	50.371.111
Total	**2.956.865.828**	**(112.792.966)**	**2.844.072.862**	**2.989.506.789**	**(112.645.999)**	**2.876.860.791**

For financial assets recognized in the Balance Sheet, the maximum exposure to credit risk is represented by the net book value of impairment. For off-balance sheet items, the maximum collateral exposure is the maximum amount that the Bank would have to pay if collaterals were forfeited and from loan and other credit-related commitments of an irrevocable nature is the total amount of commitments made.

The credit quality of the financial assets has the following breakdown, as at 30 June 2021 and 31 December 2020:

	Source of rating	Rating grade	30-06-2021		
			Gross exposure	Impairment	Net exposure
Cash and Balances at Central Banks	External rating	CCC+ to CCC	493.383.660	-	493.383.660
	Unrated	N/Available	24.397.878	-	24.397.878
			517.781.538	**-**	**517.781.538**
Balances at other credit institutions	External rating	AAA to AA-	1.879.441	(12)	1.879.429
		A+ to A-	5.986.220	(181)	5.986.039
		BBB+ to BBB-	11.383.832	(1.080)	11.382.752
		BB+ to BB-	7.346.028	(2.368)	7.343.660
		B+ to B-	-	-	-
		CCC+ to CCC	1.022.468	(4.141)	1.018.327
		CCC to CC-	-	-	-
	Unrated	N/Available	-	-	-
			27.617.989	**(7.782)**	**27.610.207**
Deposits with central banks and other credit institutions	External rating	AAA to AA-	54.912.227	(14.274)	54.897.953
		A+ to A-	54.911.245	(19.287)	54.891.958
		BBB+ to BBB-	376.533.396	(428.194)	376.105.202
		BB+ to BB-	38.760.467	(133.200)	38.627.267
		B+ to B-	-	-	-
		CCC+ to CCC	50.234.016	-	50.234.016
		CCC to CC-	-	-	-
	Unrated	N/Available	-	-	-
			575.351.351	**(594.955)**	**574.756.396**
Financial assets at fair value through profit or loss	External rating	CCC+ to CCC	254.506.145	-	254.506.145
	Unrated	N/Available	6.320.133	-	6.320.133
			260.826.278	**-**	**260.826.278**
Investments at amortised cost	External rating	CCC+ to CCC	1.114.931.937	(61.137.535)	1.053.794.402
		N/Available	-	-	-
			1.114.931.937	**(61.137.535)**	**1.053.794.402**
Loans and advances to customers - On-balance sheet	External rating	Class A	113.113.312	(5.012.962)	108.100.350
		Class B	159.145.662	(4.078.059)	155.067.603
		Class C	1.150.572	(233.690)	916.882
		Class D	38.108.275	(11.898.109)	26.210.166
		Class E	15.937.001	(4.648.239)	11.288.762
		Class F	417.038	(243.313)	173.725
		Class G	29.719.538	(24.855.061)	4.864.477
			357.591.398	**(50.969.433)**	**306.621.965**
Loans and advances to customers - Off-balance sheet	Internal rating	Class A	32.559.536	(13.824)	32.545.712
		Class B	51.540.423	(69.437)	51.470.986
		Class C	-	-	-
		Class D	-	-	-
		Class E	-	-	-
		Class F	-	-	-
		Class G	-	-	-
			84.099.959	**(83.261)**	**84.016.698**
		Total	**2.938.200.450**	**(112.792.966)**	**2.825.407.484**

	Source of rating	Rating grade	31-12-2020 Gross exposure	Impairment	Net exposure
Cash and Balances at Central Banks	External rating	CCC+ to CCC	441.982.650	-	441.982.650
	Unrated	N/Available	32.234.185	-	32.234.185
			474.216.835	**-**	**474.216.835**
Balances at other credit institutions	External rating	AAA to AA-	1.348.603	-	1.348.603
		A+ to A-	1.809.926	(63)	1.809.863
		BBB+ to BBB-	11.832.883	(1.235)	11.831.648
		BB+ to BB-	7.528.679	(2.492)	7.526.187
		B+ to B-	-	-	-
		CCC+ to CCC	-	-	-
		CCC to CC-	3.689.235	(14.757)	3.674.478
	Unrated	N/Available	86.015	(0)	86.015
			26.295.341	**(18.548)**	**26.276.793**
Deposits with central banks and other credit institutions	External rating	AAA to AA-	55.218.836	(13.253)	55.205.583
		A+ to A-	38.978.221	(14.812)	38.963.410
		BBB+ to BBB-	496.956.537	(591.264)	496.365.273
		BB+ to BB-	42.227.843	(151.628)	42.076.215
		B+ to B-	-	-	-
		CCC+ to CCC	16.481.254	-	16.481.254
		CCC to CC-	-	-	-
	Unrated	N/Available	0	(0)	0
			649.862.691	**(770.956)**	**649.091.735**
Financial assets at fair value through profit or loss	External rating	CCC+ to CCC	360.799.031	-	360.799.031
	Unrated	N/Available	4.895.257	-	4.895.257
			365.694.288	**-**	**365.694.288**
Investments at amortised cost	External rating	CCC+ to CCC	1.035.154.711	(57.317.952)	977.836.759
		N/Available	-	0	0
			1.035.154.711	**(57.317.952)**	**977.836.759**
Loans and advances to customers - On-balance sheet	External rating	Class A	149.129.679	(6.963.779)	142.165.900
		Class B	141.836.496	(4.667.977)	137.168.519
		Class C	1.016.976	(291.857)	725.120
		Class D	49.771.409	(11.620.448)	38.150.962
		Class E	14.459.170	(4.678.145)	9.781.025
		Class F	950.997	(552.385)	398.612
		Class G	30.654.022	(25.670.891)	4.983.131
			387.818.750	**(54.445.480)**	**333.373.270**
Loans and advances to customers - Off-balance sheet	Internal rating	Class A	5.444.216	(17.234)	5.426.983
		Class B	45.019.958	(74.366)	44.945.591
		Class C	-	(212)	(212)
		Class D	-	(28)	(28)
		Class E	-	(155)	(155)
		Class F	-	(30)	(30)
		Class G	-	(1.037)	(1.037)
			50.464.174	**(93.062)**	**50.371.112**
		Total	**2.989.506.790**	**(112.645.997)**	**2.876.860.793**

As at 30 June 2021 and 31 December 2020, interest income and expenses from financial instruments not measured at fair value through profit or loss, net of impairment, present the following detail:

	30-06-2021			31-12-2020		
	Income	Expenses	Net	Income	Expenses	Net
Assets						
Deposits with central banks and other credit institutions	2.245.878	-	2.245.878	5.158.260	-	5.158.260
Investments at amortised cost	63.814.770	(3.945.451)	59.869.319	138.350.946	(42.606.607)	95.744.339
Loans and advances to customers	28.087.643	-	28.087.643	40.432.190	(16.920.894)	23.511.296
	94.148.291	**(3.945.451)**	**90.202.840**	**183.941.396**	**(59.527.501)**	**124.413.895**
Liabilities						
Customer funds and other borrowings	-	(21.269.067)	(21.269.067)	-	(27.917.938)	(27.917.938)
Funds of central banks and other credit institutions	-	(155.106)	(155.106)	-	(578.939)	(578.939)
	-	**(21.424.173)**	**(21.424.173)**	**-**	**(28.496.877)**	**(28.496.877)**
Off-balance sheet						
Guarantees provided	369.071	-	369.071	461.845	-	461.845
Letters of credit opened	473.072	-	473.072	1.138.679	-	1.138.679
	842.143	**-**	**842.143**	**1.600.524**	**-**	**1.600.524**
	94.990.434	**(25.369.624)**	**69.620.810**	**185.541.920**	**(88.024.378)**	**97.517.542**

As at 30 June 2021 and 31 December 2020, net gains and losses from financial instruments have the following detail:

	30-06-2021					
	Through profit or loss			Through equity		
	Gain	Loss	Net gain/ (loss)	Gain	Loss	Net gain/ (loss)
Assets						
Financial assets at fair value through profit or loss	26.103.383	(7.083.873)	19.019.510	-	-	-
	26.103.383	**(7.083.873)**	**19.019.510**	**-**	**-**	**-**
Liabilities						
Financial liabilities at fair value through profit or loss	-	1.769.226	(1.769.226)	-	-	-
	-	**1.769.226**	**(1.769.226)**	**-**	**-**	**-**

	31-12-2020					
	Through profit or loss			Through equity		
	Gain	Loss	Net gain/ (loss)	Gain	Loss	Net gain/ (loss)
Assets						
Deposits with central banks and other credit institutions	4.977.155	(181.105)	5.158.260	-	-	-
Financial assets at fair value through profit or loss	50.362.481	-	50.362.481	-	-	-
Investments at amortised cost	138.350.946	42.606.607	95.744.339	-	-	-
Loans and advances to customers	40.432.190	16.920.894	23.511.296	-	-	-
	234.122.772	**59.346.396**	**174.776.376**	**-**	**-**	**-**
Liabilities						
Funds of customers and other loans	-	27.917.938	(27.917.938)	-	-	-
Funds of central banks and other credit institutions	-	578.939	(578.939)	-	-	-
Financial liabilities at fair value through profit or loss	585.191	4.244.410	(3.659.219)			
	585.191	**32.741.287**	**(32.156.096)**	**-**	**-**	**-**
Off-balance sheet						
Guarantees issued	461.845	-	461.845	-	-	-
Documentary credits	1.138.679	-	1.138.679	-	-	-
	1.600.524	**-**	**1.600.524**	**-**	**-**	**-**

As at 30 June 2021 and 31 December 2020, the geographical concentration of credit risk exposure presents the following detail:

	30-06-2021				
	Angola	Other African Countries	Europe	Other	Total
Assets					
Cash and Balances at Central Banks	517.781.538	-	-	-	517.781.538
Balances at other credit institutions	1.292.040	6.796.336	17.362.449	2.159.382	27.610.207
Deposits with central banks and other credit institutions	50.234.016	79.627.296	444.895.084	-	574.756.396
Financial assets at fair value through profit or loss	258.687.914	-	-	2.138.364	260.826.278
Investments at amortised cost	1.053.794.402	-	-	-	1.053.794.402
Loans and advances to customers	306.621.965	-	-	-	306.621.965
Total	**2.188.411.875**	**86.423.632**	**462.257.533**	**4.297.746**	**2.741.390.786**

	31-12-2020				
	Angola	Other African Countries	Europe	Others	Total
Assets					
Cash and Balances at Central Banks	474.216.835	-	-	-	474.216.835
Balances at other credit institutions	17.000	6.045.808	20.052.323	161.662	26.276.793
Deposits with central banks and other credit institutions	15.710.298	83.202.750	550.178.687	-	649.091.735
Financial assets at fair value through profit or loss	365.694.288	-	-	-	365.694.288
Investments at amortised cost	977.836.759	-	-	-	977.836.759
Loans and advances to customers	333.373.269	-	-	-	333.373.269
Total	**2.166.848.449**	**89.248.558**	**570.231.010**	**161.662**	**2.826.489.679**

The sectoral concentration of loans and advances to customers, as at 30 June 2021 and 31 December 2020, has the following breakdown:

	30-06-2021						
	Loans to customers		Loans and advances to customers - Off-balance sheet	Total exposure	As % of total	Impairment	
	Performing	Past-due				Amount	Impairment / Total exposure
Corporate							
Real Estate and rental activities provided by companies	388.467	823	12.000	401.290	0%	989	0%
Other collective, social and personal services	669.520	257.434	156.280	1.083.234	0%	490.895	1%
Central Government	48.921.055	601	-	48.921.656	11%	2.840.734	6%
Agriculture, livestock, hunting and forestry	39.893.963	443.786	747.898	41.085.647	9%	12.143.158	24%
Hotels and restaurants	4.550.918	102.203	105.745	4.758.866	1%	71.685	0%
Financial activities	25.339	-	11.973.010	11.998.349	3%	3.817	0%
Wholesale and retail trade	5.193.687	1.048.640	4.300.394	10.542.721	2%	1.091.910	2%
Construction	58.947.482	1.044.044	9.642.529	69.634.055	16%	2.926.637	6%
Education	243.239	516.440	-	759.679	0%	547.148	1%
Extractive industries	366.759	7.241.531	5.000	7.613.290	2%	7.312.477	14%
Processing industries	10.664.261	1.063	9.654.428	20.319.752	5%	1.532.459	3%
Other services companies	74.110.282	3.578.330	18.099.112	95.787.724	22%	10.038.235	20%
Production and distribution of electricity, gas, and water	1.356.800	25.882	237.401	1.620.083	0%	77.175	0%
Health and social action	388.445	1.270	161.718	551.433	0%	26.950	0%
Transport, storage and communication	6.746.212	1.773.909	29.353.824	37.873.945	9%	1.894.822	4%
	252.466.429	**16.035.956**	**84.449.339**	**352.951.724**		**40.999.091**	
Retail							
Consumer	56.890.206	2.886.803	-	59.777.009	14%	2.983.925	6%
Housing	26.486.995	1.589.260	-	28.076.255	6%	6.676.734	13%
Other purposes	641.191	594.558	-	1.235.749	0%	392.944	1%
	84.018.392	**5.070.621**	**-**	**89.089.013**		**10.053.603**	
Total	**336.484.821**	**21.106.577**	**84.449.339**	**442.040.737**		**51.052.694**	

	31-12-2020						
	Loans to customers		Loans and advances to customers - Off-balance sheet	Total exposure	As % of total	Impairment	
	Performing	Past-due				Amount	Impairment/ Total exposure
Corporate							
Real Estate and rental activities provided by companies	281.756	173	-	281.929	0%	3.544	1%
Other collective, social and personal services	826.626	130.070	-	956.696	0%	378.137	40%
Central Government	52.182.587	192	-	52.182.779	12%	2.796.422	5%
Agriculture, livestock, hunting and forestry	52.506.120	509.801	1.400.984	54.416.905	12%	11.784.690	22%
Hotels and restaurants	5.454.360	70.007	42.859	5.567.226	1%	151.469	3%
Financial activities	16.864	-	10.077.996	10.094.861	2%	4.122	0%
Wholesale and retail trade	5.048.451	855.619	2.974.968	8.879.038	2%	1.276.048	14%
Construction	54.284.898	1.056.845	6.867.727	62.209.469	14%	3.333.519	5%
Education	252.729	367.982	-	620.711	0%	476.796	77%
Extractive industries	350.136	5.141.179	5.000	5.496.316	1%	7.343.092	134%
Processing industries	7.324.960	666	9.908.424	17.234.050	4%	1.163.752	7%
Other services companies	102.840.210	2.445.517	14.984.557	120.270.284	27%	11.815.019	10%
Production and distribution of electricity, gas, and water	1.389.311	2.342	731.063	2.122.717	0%	48.158	2%
Health and social action	147.740	35.969	-	183.709	0%	29.401	16%
Transport, storage and communication	1.055.227	1.282.025	3.455.184	5.792.436	1%	2.036.004	35%
	283.961.977	**11.898.387**	**50.448.762**	**346.309.126**		**42.640.173**	
Retail							
Consumer	57.420.866	1.844.898	-	59.265.764	14%	2.939.625	5%
Housing	28.836.781	1.055.913	-	29.892.694	7%	7.300.842	24%
Other purposes	1.122.888	1.677.039	15.412	2.815.339	1%	1.657.902	59%
	87.380.535	**4.577.851**	**15.412**	**91.973.797**		**11.898.369**	
Total	**371.342.511**	**16.476.238**	**50.464.174**	**438.282.923**		**54.538.542**	

The exposure to credit risk by class of financial assets, rating level and stage, with reference to 30 June 2021 and 31 December 2020, shows the following detail:

	30-06-2021				
	Stage 1 (12 months)	**Stage 2 (lifetime ECLs)**	**Stage 3 (lifetime ECLs)**	**Purchased or originated credit-impaired financial assets**	**Total**
Cash and Balances at Central Banks:					
CCC+ to CCC	493.383.660	-	-	-	493.383.660
N/Available	24.397.878	-	-	-	24.397.878
	517.781.538	**-**	**-**	**-**	**517.781.538**
Balances at other credit institutions:					
AAA to AA-	1.879.441	-	-	-	1.879.441
A+ to A-	5.986.220	-	-	-	5.986.220
BBB+ to BBB-	11.383.832	-	-	-	11.383.832
BB+ to BB-	7.346.028	-	-	-	7.346.028
B+ to B-	-	-	-	-	-
CCC+ to CCC	1.022.468	-	-	-	1.022.468
CCC to CC-	-	-	-	-	-
N/Available	-	-	-	-	-
	27.617.989	**-**	**-**	**-**	**27.617.989**
Deposits with central banks and other credit institutions:					
AAA to AA-	54.912.227	-	-	-	54.912.227
A+ to A-	54.911.245	-	-	-	54.911.245
BBB+ to BBB-	376.533.396	-	-	-	376.533.396
BB+ to BB-	38.760.467	-	-	-	38.760.467
B+ to B-	-	-	-	-	-
CCC+ to CCC	50.234.016	-	-	-	50.234.016
CCC to CC-	-	-	-	-	-
N/Available	-	-	-	-	-
	575.351.351	**-**	**-**	**-**	**575.351.351**
Investments at amortised cost:					
CCC+ to CCC	867.728.755	247.203.182	-	-	1.114.931.937
N/Available	-	-	-	-	-
	867.728.755	**247.203.182**	**-**	**-**	**1.114.931.937**
Loans and advances to customers - On-balance sheet:					
Class A	68.632.898	44.478.021	2.393	-	113.113.312
Class B	136.715.185	21.002.915	1.427.562	-	159.145.662
Class C	185.181	751.149	214.242	-	1.150.572
Class D	298.771	37.758.315	51.189	-	38.108.275
Class E	244.484	13.921.250	1.771.267	-	15.937.001
Class F	2.059	1.497	413.482	-	417.038
Class G	40.120	1.742.362	27.937.056	-	29.719.538
	206.118.698	**119.655.509**	**31.817.191**	**-**	**357.591.398**
Loans and advances to customers - Off-balance sheet:					
Class A	31.047.804	1.511.732	-	-	32.559.536
Class B	50.949.057	591.366	-	-	51.540.423
Class C	-	-	-	-	-
Class D	-	-	-	-	-
Class E	-	-	-	-	-
Class F	-	-	-	-	-
Class G	-	-	-	-	-
	81.996.861	**2.103.098**	**-**	**-**	**84.099.959**
Total gross carrying amount	**2.276.595.192**	**368.961.789**	**31.817.191**	**-**	**2.677.374.172**
Loan loss provision	**(46.040.779)**	**(40.061.044)**	**(26.691.143)**		**(112.792.966)**
Net carrying amount	**2.230.554.413**	**328.900.745**	**5.126.048**	**-**	**2.564.581.206**

	31-12-2020				
	Stage 1 (12 months)	Stage 2 (lifetime ECLs)	Stage 3 (lifetime ECLs)	Purchased or originated credit-impaired financial assets	Total
Cash and Balances at Central Banks:					
CCC+ to CCC	441.982.650	-	-	-	441.982.650
N/Available	32.234.185	-	-	-	32.234.185
	474.216.835	**-**	**-**	**-**	**474.216.835**
Balances at other credit institutions:					
AAA to AA-	1.348.603	-	-	-	1.348.603
A+ to A-	1.809.926	-	-	-	1.809.926
BBB+ to BBB-	11.832.883	-	-	-	11.832.883
BB+ to BB-	7.528.679	-	-	-	7.528.679
B+ to B-	-	-	-	-	-
CCC+ to CCC	-	-	-	-	-
CCC to CC-	3.689.235	-	-	-	3.689.235
N/Available	86.015	-	-	-	86.015
	26.295.341	**-**	**-**	**-**	**26.295.341**
Deposits with central banks and other credit institutions:					
AAA to AA-	55.218.836	-	-	-	55.218.836
A+ to A-	38.978.221	-	-	-	38.978.221
BBB+ to BBB-	496.956.537	-	-	-	496.956.537
BB+ to BB-	42.227.843	-	-	-	42.227.843
B+ to B-	-	-	-	-	-
CCC+ to CCC	16.481.254	-	-	-	16.481.254
CCC to CC-	-	-	-	-	-
N/Available	0	-	-	-	0
	649.862.691	**-**	**-**	**-**	**649.862.691**
Investments at amortised cost:					
CCC+ to CCC	751.660.677	283.494.034	-	-	1.035.154.711
N/Available	-	-	-	-	
	751.660.677	**283.494.034**	**-**	**-**	**1.035.154.711**
Loans and advances to customers - On-balance sheet:					
Class A	71.958.377	77.170.163	1.139	-	149.129.679
Class B	109.522.987	30.510.240	1.803.269	-	141.836.496
Class C	55.701	725.503	235.773	-	1.016.976
Class D	5.046	49.720.714	45.650	-	49.771.409
Class E	14.880	12.278.103	2.166.188	-	14.459.170
Class F	191	694	950.112	-	950.997
Class G	34.779	1.092.464	29.526.779	-	30.654.022
	181.591.960	**171.497.880**	**34.728.909**	**-**	**387.818.749**
Loans and advances to customers - Off-balance sheet:					
Class A	5.444.216	-	-	-	5.444.216
Class B	42.894.131	2.125.826	-	-	45.019.958
Class C	-	-	-	-	-
Class D	-	-	-	-	-
Class E	-	-	-	-	-
Class F	-	-	-	-	-
Class G	-	-	-	-	-
	48.338.347	**2.125.826**	**-**	**-**	**50.464.174**
Total gross carrying amount	**2.131.965.851**	**457.117.741**	**34.728.909**	**-**	**2.623.812.501**
Loan loss provision	**38.621.064**	**45.799.925**	**28.225.009**	**-**	**112.645.998**
Net carrying amount	**2.093.344.787**	**411.317.816**	**6.503.901**	**-**	**2.511.166.504**

30.2 Liquidity risk

Liquidity risk corresponds to the risk of the Bank presenting difficulties in obtaining the financial resources it needs to meet its financial commitments when they become due. Liquidity risk can be embodied, for example, in the inability to quickly sell a financial instrument for an amount representing its fair value, due to its high volume, in relation to the volume normally transacted, or due to some market discontinuation.

Within the scope of the Bank's internal policies with respect to exposure to liquidity risk, the respective accompanying and monitoring of the established principles and limits is ensured by the Risk Management Department.

As at 30 June 2021 and 31 December 2020, the total contractual cash flows present the following detail:

	30-06-2021									
	Residual contractual term									
	On demand	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Not specified term	Total
Assets										
Cash and Balances at Central Banks	517.781.538	-	-	-	-	-	-	-	-	517.781.538
Balances at other credit institutions	27.617.989	-	-	-	-	-	-	-	-	27.617.989
Deposits with central banks and other credit institutions	-	539.258.395	36.092.956	-	-	-	-	-	-	575.351.351
Financial assets at fair value through profit or loss	-	630.804	76.411.866	37.898.974	6.423.537	80.435.323	49.641.964	3.071.058	6.312.752	260.826.278
Investments at amortised cost	-	21.397.834	48.383.562	27.916.254	186.585.315	665.819.125	164.829.848	-	-	1.114.931.938
Loans and advances to customers	-	11.140.015	19.658.848	16.017.584	5.301.400	124.139.979	65.951.045	94.275.950	21.106.577	357.591.398
Total Assets	**545.399.527**	**572.427.048**	**180.547.232**	**81.832.812**	**198.310.252**	**870.394.427**	**280.422.857**	**97.347.008**	**27.419.329**	**2.854.100.492**
Liabilities										
Funds of central banks and other credit institutions	17.981.010	1.217.355	-	-	-	-	-	-	-	19.198.365
Customer funds and other borrowings	931.469.533	268.433.629	369.502.691	272.786.776	295.427.909	4.728.564	-	-	-	2.142.349.102
Financial liabilities at fair value through profit or loss	-	1.769.226	-	-	-	-	-	-	-	1.769.226
Total Liabilities	**949.450.543**	**271.420.210**	**369.502.691**	**272.786.776**	**295.427.909**	**4.728.564**	**-**	**-**	**-**	**2.163.316.693**
Liquidity Gap	**(404.051.016)**	**301.006.838**	**(188.955.459)**	**(190.953.964)**	**(97.117.657)**	**865.665.863**	**280.422.857**	**97.347.008**	**27.419.329**	**690.783.799**
Accumulative Liquidity Gap	**(404.051.016)**	**(103.044.178)**	**(291.999.637)**	**(482.953.601)**	**(580.071.258)**	**285.594.605**	**566.017.462**	**663.364.470**	**690.783.799**	**1.381.567.597**

	31-12-2020									
	Residual contractual term									
	On demand	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Not specified term	Total
Assets										
Cash and Balances at Central Banks	474.216.835	-	-	-	-	-	-	-	-	474.216.835
Balances at other credit institutions	26.276.793	-	-	-	-	-	-	-	-	26.276.793
Deposits with central banks and other credit institutions	-	576.283.764	72.807.971	-	-	-	-	-	-	649.091.735
Financial assets at fair value through profit or loss	-	-	-	-	151.201.746	185.714.859	24.279.946	4.497.736	-	365.694.288
Investments at amortised cost	-	-	-	-	90.679.761	589.205.004	251.023.066	46.928.927	-	977.836.759
Loans and advances to customers	18.797.103	-	3.774.146	12.021.899	50.249.272	106.884.001	38.620.656	103.026.192	-	333.373.269
Total Assets	**519.290.731**	**576.283.764**	**76.582.117**	**12.021.899**	**292.130.780**	**881.803.865**	**313.923.669**	**154.452.855**	**-**	**2.826.489.679**
Liabilities										
Funds of central banks and other credit institutions	1.133.494	2.954.805	-	-	-	-	-	-	-	4.088.299
Customer funds and other borrowings	1.108.930.116	239.792.553	381.470.505	337.426.158	176.385.958	8.197.417	-	-	-	2.252.202.707
Financial liabilities at fair value through profit or loss	4.244.410	-	-	-	-	-	-	-	-	4.244.410
Total Liabilities	**1.114.308.020**	**242.747.358**	**381.470.505**	**337.426.158**	**176.385.958**	**8.197.417**	**-**	**-**	**-**	**2.260.535.416**
Liquidity Gap	**(595.017.289)**	**333.536.406**	**(304.888.388)**	**(325.404.259)**	**115.744.822**	**873.606.448**	**313.923.669**	**154.452.855**	**-**	**565.954.263**
Accumulative Liquidity Gap	**(595.017.289)**	**(261.480.883)**	**(566.369.271)**	**(891.773.530)**	**(776.028.708)**	**97.577.739**	**411.501.408**	**565.954.263**	**565.954.263**	**1.131.908.526**

The contractual cash flows relating to capital, as at 30 June 2021 and 31 December 2020, has the following breakdown:

	30-06-2021									
	Maturity date									
	On demand	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Not specified term	Total
Assets										
Cash and Balances at Central Banks	517.781.538	-	-	-	-	-	-	-	-	517.781.538
Balances at other credit institutions	27.610.207	-	-	-	-	-	-	-	-	27.610.207
Deposits with central banks and other credit institutions	-	538.780.404	36.055.164	-	-	-	-	-	-	574.835.568
Financial assets at fair value through profit or loss	-	590.366	67.771.438	34.430.092	6.173.572	78.222.990	48.454.558	3.070.554	3.241.693	241.955.263
Investments at amortised cost	-	20.256.858	47.590.820	27.497.390	182.797.773	650.616.860	160.376.417			1.089.136.118
Loans and advances to customers	-	10.621.451	19.282.395	15.780.448	5.235.283	121.830.541	65.108.914	88.477.099	20.962.903	347.299.034
Total Assets	**545.391.745**	**570.249.079**	**170.699.817**	**77.707.930**	**194.206.628**	**850.670.391**	**273.939.889**	**91.547.653**	**24.204.596**	**2.798.617.728**
Liabilities										
Funds of central banks and other credit institutions	17.975.566	1.217.355		-	-	-	-	-	-	19.192.921
Customer funds and other borrowings	931.000.307	266.940.416	366.689.470	271.682.092	293.952.263	4.588.902	-	-	-	2.134.853.450
Financial liabilities at fair value through profit or loss	-	1.769.226	-	-	-	-	-	-	-	1.769.226
Total Liabilities	**948.975.873**	**269.926.997**	**366.689.470**	**271.682.092**	**293.952.263**	**4.588.902**	**-**	**-**	**-**	**2.155.815.597**
Liquidity Gap	**(403.584.128)**	**300.322.082**	**(195.989.653)**	**(193.974.162)**	**(99.745.635)**	**846.081.489**	**273.939.889**	**91.547.653**	**24.204.596**	**642.802.131**
Accumulative Liquidity Gap	**(403.584.128)**	**(103.262.046)**	**(299.251.699)**	**(493.225.861)**	**(592.971.496)**	**253.109.993**	**527.049.882**	**618.597.535**	**642.802.131**	**1.285.604.263**

	31-12-2020									
	Maturity date									
	On demand	**Up to 1 month**	**Between 1 and 3 months**	**Between 3 and 6 months**	**Between 6 months and 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**	**Not specified term**	**Total**
Assets										
Cash and Balances at Central Banks	474.216.835	-	-	-	-	-	-	-	-	474.216.835
Balances at other credit institutions	26.276.793	-	-	-	-	-	-	-	-	26.276.793
Deposits with central banks and other credit institutions	-	575.993.108	72.771.249	-	-	-	-	-	-	648.764.357
Financial assets at fair value through profit or loss	-	-	-	-	145.837.576	179.769.348	23.734.693	4.493.333	-	353.834.950
Investments at amortised cost	-	-	-	-	88.075.779	580.771.307	243.210.456	45.856.234	-	957.913.776
Loans and advances to customers	18.270.137	-	3.685.120	11.751.924	50.179.618	105.319.934	38.437.103	97.317.696	-	324.961.532
Total Assets	**518.763.765**	**575.993.108**	**76.456.369**	**11.751.924**	**284.092.973**	**865.860.589**	**305.382.253**	**147.667.263**	**-**	**2.785.968.243**
Liabilities										
Funds of central banks and other credit institutions	1.133.494	2.954.524	-	-	-	-	-	-	-	4.088.018
Customer funds and other borrowings	1.108.756.128	238.641.132	378.915.687	335.353.346	175.400.055	8.001.224	-	-	-	2.245.067.572
Financial liabilities at fair value through profit or loss	4.244.410	-	-	-	-	-	-	-	-	4.244.410
Total Liabilities	**1.114.134.032**	**241.595.656**	**378.915.687**	**335.353.346**	**175.400.055**	**8.001.224**	**-**	**-**	**-**	**2.253.400.000**
Liquidity Gap	**(595.370.267)**	**334.397.452**	**(302.459.318)**	**(323.601.422)**	**108.692.918**	**857.859.365**	**305.382.253**	**147.667.263**	**-**	**532.568.243**
Accumulative Liquidity Gap	**(595.370.267)**	**(260.972.815)**	**(563.432.133)**	**(887.033.555)**	**(778.340.637)**	**79.518.728**	**384.900.980**	**532.568.243**	**532.568.243**	**1.065.136.486**

30.3 Market risk

Market risk corresponds to the possible fluctuation of the fair value or future cash flows associated with a financial instrument, due to changes in market prices. Market risk encompasses interest rate risk and exchange rate risk.

Interest rate risk

The interest rate risk corresponds to the risk arising from adverse movements in interest rates resulting in a mismatch in the amount, maturities or interest-fixing dates observed in financial instruments with interest receivable and payable.

As at 30 June 2021 and 31 December 2020, the details of financial instruments by exposure to interest rate risk are as follows:

	30-06-2021				
	Exposure to		Not subject to rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	**2.731.082.281**	**3.988.371**	**3.553.531**	**-**	**2.741.390.786**
Cash and Balances at Central Banks	517.781.538	-	-	-	517.781.538
Balances at other credit institutions	27.610.207	-	-	-	27.610.207
Deposits with central banks and other credit institutions	574.756.396	-	-	-	574.756.396
Financial assets at fair value through profit or loss	254.506.144	-	3.553.531	2.766.603	260.826.278
Investments at amortised cost	1.053.794.403	-	-	-	1.053.794.403
Loans and advances to customers	302.633.593	3.988.371		-	306.621.965
Liabilities	**2.154.880.759**	**-**	**6.666.708**	**1.769.226**	**2.163.316.693**
Funds of central banks and other credit institutions	12.531.657	-	6.666.708	-	19.198.365
Customer funds and other borrowings	2.142.349.102	-	-	-	2.142.349.102
Financial liabilities at fair value through profit or loss	-	-	-	1.769.226	1.769.226
Total	**4.885.963.040**	**3.988.371**	**10.220.239**	**4.535.828**	**4.904.707.479**

	31-12-2020				
	Exposure to		Not subject to rate risk	Derivatives	Total
	Fixed rate	Variable rate			
Assets	**2.393.255.377**	**37.075.038**	**396.159.264**	**-**	**2.826.489.679**
Cash and Balances at Central Banks	474.216.835	-	-	-	474.216.835
Balances at other credit institutions	26.276.793	-	-	-	26.276.793
Deposits with central banks and other credit institutions	649.091.735	-	-	-	649.091.735
Financial assets at fair value through profit or loss	-	-	365.694.288	-	365.694.288
Investments at amortised cost	977.836.759	-	-	-	977.836.759
Loans and advances to customers	296.298.231	37.075.038	-	-	333.373.269
Liabilities	**2.253.227.132**	**-**	**7.308.284**	**-**	**2.260.535.416**
Funds of central banks and other credit institutions	1.024.425	-	3.063.874	-	4.088.299
Customer funds and other borrowings	2.252.202.707	-	-	-	2.252.202.707
Financial liabilities at fair value through profit or loss	-	-	4.244.410	-	4.244.410
Total	**4.646.482.509**	**37.075.038**	**403.467.548**	**-**	**5.087.025.095**

The details of financial instruments with exposure to interest rate risk according to the maturity or pre-fixing date, as at 30 June 2021 and 31 December 2020, are as follows:

	30-06-2021								
	Repricing dates/Maturity dates								
	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Not specified term	Total
Assets	**1.118.052.267**	**183.120.121**	**78.627.681**	**190.675.350**	**821.655.261**	**267.308.165**	**75.631.806**	**-**	**2.735.070.652**
Cash and Balances at Central Banks	517.781.538	-	-	-	-	-	-	-	517.781.538
Balances at other credit institutions	27.610.207	-	-	-	-	-	-	-	27.610.207
Deposits with central banks and other credit institutions	538.679.845	36.076.551	-	-	-	-	-	-	574.756.396
Financial assets at fair value through profit or loss	630.804	76.404.485	37.898.974	6.423.537	80.435.323	49.641.964	3.071.058	-	254.506.144
Investments at amortised cost	21.377.531	48.165.189	27.442.400	177.850.792	623.190.043	155.768.448	-	-	1.053.794.402
Loans and advances to customers	11.972.343	22.473.897	13.286.307	6.401.022	118.029.895	61.897.753	72.560.748	-	306.621.965
Liabilities	**1.208.624.499**	**354.908.174**	**286.964.209**	**300.889.885**	**3.493.992**	**-**	**-**	**-**	**2.154.880.759**
Funds of central banks and other credit institutions	12.531.657	-	-	-	-	-	-	-	12.531.657
Customer funds and other borrowings	1.196.092.842	354.908.174	286.964.209	300.889.885	3.493.992	-	-	-	2.142.349.102

	31-12-2020								
	Repricing dates/Maturity dates								
	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Not specified term	Total
Assets	**1.065.109.519**	**76.582.117**	**12.021.899**	**140.929.033**	**696.089.005**	**289.643.722**	**149.955.119**	**-**	**2.430.330.415**
Cash and Balances at Central Banks	443.751.859	-	-	-	-	-	-	-	443.751.859
Balances at other credit institutions	26.276.793	-	-	-	-	-	-	-	26.276.793
Deposits with central banks and other credit institutions	576.283.764	72.807.971	-	-	-	-	-	-	649.091.735
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Investments at amortised cost	-	-	-	90.679.761	589.205.004	251.023.066	46.928.927	-	977.836.759
Loans and advances to customers	18.797.103	3.774.146	12.021.899	50.249.272	106.884.001	38.620.656	103.026.192	-	333.373.269
Liabilities	**1.349.747.092**	**381.470.505**	**337.426.158**	**176.385.958**	**8.197.419**	**-**	**-**	**-**	**2.253.227.132**
Funds of central banks and other credit institutions	1.024.425	-	-	-	-	-	-	-	1.024.425
Customer funds and other borrowings	1.348.722.667	381.470.505	337.426.158	176.385.958	8.197.419	-	-	-	2.252.202.707

As at 31 June 2021 and 2020 the average interest rates verified for the main financial assets and liabilities are as follows:

	30-06-2021			30-06-2020		
	Average balance for the period	Interest for the period	Average Interest Rate	Average balance for the period	Interest for the period	Average Interest Rate
Disposals						
Financial assets at fair value through profit or loss	307.652.588	19.821.237	13%	204.721.557	13.106.749	13%
Loans and advances to customers	372.705.074	26.944.325	15%	362.492.860	21.053.196	12%
Investments at amortised cost	1.075.043.325	63.814.770	12%	900.256.302	64.054.030	15%
Deposits with central banks and other credit institutions	612.607.021	2.078.306	1%	515.892.852	3.562.906	1%
	2.368.008.007	**112.658.638**	**10%**	**1.983.363.570**	**101.776.881**	**11%**
Funds						
Customer funds and other borrowings	2.197.275.905	21.269.067	2%	1.776.332.080	13.600.461	2%
Interbank funds	6.778.041	155.106	5%	21.346	525.132	0%
Other funds	7.149.539	490.878	14%	9.765.690	719.540	15%
	2.211.203.485	**21.915.051**	**2%**	**1.786.119.116**	**14.845.133**	**2%**
Net interest income		**90.743.587**			**86.931.748**	

As at 30 June 2021 and 2020, the sensitivity analysis of the results generated by financial instruments to changes in interest rates presents the following detail:

	30-06-2021					
	Changes in interest rate					
	-150bps	-100bps	-50bps	50bps	100bps	150bps
Interest income and similar income	(17.011.824)	(11.328.194)	(5.657.616)	5.657.616	11.328.194	17.011.824
Interest expense and similar charges	(16.482.101)	(10.974.484)	(5.480.484)	5.480.484	10.974.484	16.482.101
Total	**(33.493.926)**	**(22.302.678)**	**(11.138.100)**	**11.138.100**	**22.302.678**	**33.493.926**

	30-06-2020					
	Changes in interest rate					
	-150bps	-100bps	-50bps	50bps	100bps	150bps
Interest income and similar income	(14.197.493)	(9.454.205)	(4.721.732)	4.721.732	9.454.205	14.197.493
Interest expense and similar charges	(13.334.840)	(8.878.868)	(4.433.949)	4.433.949	8.878.868	13.334.840
Total	**(27.532.333)**	**(18.333.074)**	**(9.155.681)**	**9.155.681**	**18.333.074**	**27.532.333**

Exchange rate risk

Exchange rate risk consists of the fluctuation of the fair value or future cash flows of a financial instrument, due to changes in exchange rates.

The securities portfolio of the Bank is divided between securities denominated in domestic currency and in foreign currency, taking into consideration the overall structure of its balance sheet, in order to avoid incurring, in this manner, exchange rate risk.

As at 30 June 2021 and 31 December 2020, the detail of financial instruments by currency is as follows:

	30-06-2021					
	Kwanzas	Indexed at the US Dollar	US Dollars	Euro	Other currencies	Total
Assets						
Cash and Balances at Central Banks	274.100.485	-	36.581.200	206.119.061	980.792	517.781.538
Balances at other credit institutions	-	-	12.659.666	11.910.118	3.040.423	27.610.207
Deposits with central banks and other credit institutions	50.234.016	-	467.615.219	50.652.908	6.254.253	574.756.396
Financial assets at fair value through profit or loss	200.044.760	45.575.924	15.166.189	39.405	-	260.826.278
Investments at amortised cost	598.568.392	-	455.226.010	-	-	1.053.794.402
Loans and advances to customers	261.112.846	-	45.253.155	255.958	6	306.621.965
	1.384.060.499	**45.575.924**	**1.032.501.439**	**268.977.450**	**10.275.474**	**2.741.390.786**
Liabilities						
Funds of central banks and other credit institutions	13.722.800	-	2.711.666	2.759.527	4.372	19.198.365
Customer funds and other borrowings	906.396.849	-	988.917.010	243.459.759	3.575.484	2.142.349.102
Financial liabilities at fair value through profit or loss	1.769.226	-	-	-	-	1.769.226
	921.888.875	**-**	**991.628.676**	**246.219.286**	**3.579.856**	**2.163.316.693**
	462.171.624	**45.575.924**	**40.872.763**	**22.758.164**	**6.695.618**	**578.074.093**

	31-12-2020					
	Kwanzas	Indexed at the US Dollar	US Dollars	Euro	Other currencies	Total
Assets						
Cash and Balances at Central Banks	221.400.386	-	36.278.323	215.589.755	948.371	474.216.835
Balances at other credit institutions	17.000	-	10.686.321	11.357.264	4.216.208	26.276.793
Deposits with central banks and other credit institutions	16.481.254	-	569.666.124	55.851.540	7.092.817	649.091.735
Financial assets at fair value through profit or loss	283.980.794	78.154.091	3.518.432	40.971	-	365.694.288
Investments at amortised cost	587.007.693	-	390.829.066	-	-	977.836.759
Loans and advances to customers	255.187.818	-	77.929.638	255.795	18	333.373.269
	1.364.074.945		**1.088.907.904**	**283.095.325**	**12.257.414**	**2.826.489.679**
Liabilities						
Funds of central banks and other credit institutions	2.133.776	-	356.587	1.510.894	87.042	4.088.299
Customer funds and other borrowings	953.755.298	-	1.034.587.831	257.666.534	6.193.044	2.252.202.707
Financial liabilities at fair value through profit or loss	4.244.410	-	-	-	-	4.244.410
	960.133.484	**-**	**1.034.944.418**	**259.177.428**	**6.280.086**	**2.260.535.416**
	403.941.461	**-**	**53.963.486**	**23.917.897**	**5.977.328**	**565.954.263**

The sensitivity analysis (considering indexed securities and foreign exchange forwards) of the book value of financial instruments to changes in exchange rates, as at 30 June 2021 and 31 December 2020, has the following detail:

	30-06-2021					
	-20%	-10%	-5%	5%	10%	20%
US Dollars	(8.174.553)	(4.087.276)	(2.043.638)	2.043.638	4.087.276	8.174.553
Euro	(4.551.633)	(2.275.816)	(1.137.908)	1.137.908	2.275.816	4.551.633
Other currencies	(1.339.124)	(669.562)	(334.781)	334.781	669.562	1.339.124
Total	**(14.065.309)**	**(7.032.655)**	**(3.516.327)**	**3.516.327**	**7.032.655**	**14.065.309**

	31-12-2020					
	-20%	-10%	-5%	5%	10%	20%
US Dollars	(10.792.697)	(5.396.349)	(2.698.174)	2.698.174	5.396.349	10.792.697
Euro	(4.783.579)	(2.391.790)	(1.195.895)	1.195.895	2.391.790	4.783.579
Other currencies	(1.195.466)	(597.733)	(298.866)	298.866	597.733	1.195.466
Total	**(16.771.742)**	**(8.385.871)**	**(4.192.936)**	**4.192.936**	**8.385.871**	**16.771.742**

30.4 Fair value of financial assets and liabilities

The Bank classified the financial instruments recorded in the balance sheet at fair value in accordance with the hierarchy established in IFRS 13.

Instruments listed in active markets (level 1)

This category includes financial instruments with available quoted prices in official markets and those in which there are entities that usually disclose prices of transactions for these instruments traded in liquid markets.

In cases where there is more than one official market, priority is given to the main market where these financial instruments are traded.

This category includes, among others, the following financial instruments: (i) derivatives traded on an organised market and (ii) listed shares.

Valuation methods with observable market parameters/prices (level 2)

This category includes financial instruments valued through internal models, namely discounted cash flow models, which require judgments that vary according to the complexity of the products being valued and use assumptions similar to those that an unrelated party would use in estimating the fair value of the same financial instrument. The Bank uses as inputs in its models variables provided by the market, such as interest rate curves and credit spreads. It also includes instruments whose valuation is obtained through quotations disclosed by independent entities but whose markets have the lowest liquidity.

This category includes, among others, the following financial instruments: (i) unlisted bonds; and (ii) OTC derivatives.

Valuation methods with non-observable parameters in the market (level 3)

This level includes the valuations determined by the use of internal valuation models or quotations provided by third parties but where the parameters used are not observable in the market. The bases and assumptions used in the calculation of the fair value are in accordance with the principles of IFRS 13.

This category includes, among others, the following financial instruments: (i) debt securities valued using inputs that are not observable in the market; (ii) unquoted shares; (iii) Over-the-Counter (OTC) market derivatives with quotes provided by third parties.

As at 30 June 2021 and 31 December 2020, the book value of Financial Instruments has the following breakdown:

	30-06-2021			
	Measured at fair value	Measured at amortised cost	Impairment	Net carrying amount
Assets				
Cash and Balances at Central Banks	-	517.781.538	-	517.781.538
Balances at other credit institutions	-	27.617.989	(7.782)	27.610.207
Deposits with central banks and other credit institutions	-	575.351.351	(594.955)	574.756.396
Financial assets at fair value through profit or loss	260.826.278	-	-	260.826.278
Investments at amortised cost	-	1.114.931.938	(61.137.535)	1.053.794.403
Loans and advances to customers	-	357.591.398	(50.969.433)	306.621.965
	260.826.278	**2.593.274.214**	**(112.709.705)**	**2.741.390.786**
Liabilities				
Funds of central banks and other credit institutions	-	19.198.365	-	19.198.365
Customer funds and other borrowings	-	2.142.349.102	-	2.142.349.102
Financial liabilities at fair value through profit or loss	1.769.226	-	-	1.769.226
	1.769.226	**2.161.547.467**	**-**	**2.163.316.693**

	31-12-2020			
	Measured at fair value	Measured at amortised cost	Impairment	Net carrying amount
Assets				
Cash and Balances at Central Banks	-	474.216.835	-	474.216.835
Balances at other credit institutions	-	26.295.341	(18.548)	26.276.793
Deposits with central banks and other credit institutions	-	649.862.691	(770.956)	649.091.735
Financial assets at fair value through profit or loss	365.694.288	-	-	365.694.288
Investments at amortised cost	-	1.035.154.711	(57.317.952)	977.836.759
Loans and advances to customers	-	387.818.749	(54.445.480)	333.373.269
	365.694.288	**2.573.348.327**	**(112.552.936)**	**2.826.489.679**
Liabilities				
Funds of central banks and other credit institutions	-	4.088.299	-	4.088.299
Customer funds and other borrowings	-	2.252.202.707	-	2.252.202.707
Financial liabilities at fair value through profit or loss	4.244.410	-	-	4.244.410
	4.244.410	**2.256.291.006**	**-**	**2.260.535.416**

As at 30 June 2021 and 31 December 2020, the fair value of the Bank's financial instruments is presented as follows:

	30-06-2021				
		Fair value of financial instruments			
	Carrying amount (net)	Carried on the balance sheet at fair value	Carried on the balance sheet at amortised cost	Total	Difference
Assets					
Cash and Balances at Central Banks	517.781.538	-	517.781.538	517.781.538	-
Balances at other credit institutions	27.610.207	-	27.610.207	27.610.207	-
Deposits with central banks and other credit institutions	574.756.396	-	574.756.396	574.756.396	-
Financial assets at fair value through profit or loss	260.826.278	260.826.278		260.826.278	-
Investments at amortised cost	1.053.794.403	-	1.161.095.146	1.161.095.146	107.300.743
Loans and advances to customers	306.621.965	-	338.728.951	338.728.951	32.106.986
	2.741.390.787	**260.826.278**	**2.619.972.238**	**2.880.798.516**	**139.407.729**
Liabilities					
Funds of central banks and other credit institutions	19.198.365	-	19.198.365	19.198.365	-
Customer funds and other borrowings	2.142.349.102	-	2.142.349.102	2.142.349.102	-
Financial liabilities at fair value through profit or loss	1.769.226	1.769.226	-	1.769.226	-
	2.163.316.693	**1.769.226**	**2.161.547.467**	**2.163.316.693**	**-**

	31-12-2020				
		Fair value of financial instruments			
	Carrying amount (net)	Carried on the balance sheet at fair value	Carried on the balance sheet at amortised cost	Total	Difference
Assets					
Cash and Balances at Central Banks	474.216.835	-	474.216.835	474.216.835	-
Balances at other credit institutions	26.276.793	-	26.276.793	26.276.793	-
Deposits with central banks and other credit institutions	649.091.735	-	649.091.735	649.091.735	-
Financial assets at fair value through profit or loss	365.694.288	365.694.288	-	365.694.288	-
Investments at amortised cost	977.836.759	-	1.046.437.000	1.046.437.000	68.600.241
Loans and advances to customers	333.373.269	-	341.975.273	341.975.273	8.602.004
	2.826.489.679	**365.694.288**	**2.537.997.636**	**2.903.691.924**	**77.202.245**
Liabilities				**-**	**-**
Funds of central banks and other credit institutions	4.088.299	-	4.088.299	4.088.299	-
Customer funds and other borrowings	2.252.202.707	-	2.252.202.707	2.252.202.707	-
Financial liabilities at fair value through profit or loss	4.244.410	4.244.410	-	4.244.410	-
	2.260.535.416	**4.244.410**	**2.256.291.006**	**2.260.535.416**	**-**

The fair value of financial instruments should be estimated, whenever possible, using quotations on an active market. A market is considered active, and therefore net, when it is accessed by equally knowledgeable counterparties and where transactions are carried out on a regular basis. Almost all the financial instruments of the Bank are not listed on active markets.

In view of the absence of quotations on active markets, the valuation of financial instruments is carried out in the following terms:

a) Financial instruments recorded in the balance sheet at fair value:

• Non-adjustable Treasury Bills and Treasury Bonds in domestic currency issued by the Angolan State and held by the Bank for trading in the secondary market with other banks are revalued based on a discounted cash-flows model. The discount curve used can be observed directly on BODIVA's daily report, which the Bank considers to be an active market;

• Treasury Bonds in domestic currency indexed to the US dollar exchange rate, the Bank has also chosen to revalue them based on a discounted cash-flows model. The discount curve used is an internal curve built mainly based on the yields observed in secondary market transactions;

• Foreign exchange forwards are revalued using a discounted cash flow model. The amounts in foreign currency are updated with an interest rate curve directly observed from Bloomberg and the amounts in domestic currency are updated with a curve built with interbank money market yields and reference rates ("Luibor") observed on the BNA website;

• Since they are not listed on a stock exchange and in the existence of observable market data, the equity instruments, with the exception of Visa Incl, are valued by the equity method and the Participation units by quotation made available by the fund management company.

b) Financial instruments recorded in the balance sheet at amortized cost:

For financial instruments carried in the balance sheet at amortized cost, the Bank calculates their fair value using valuation techniques based on the conditions applicable to similar transactions on the reference date of the financial statements, namely the value of the respective discounted cash flows based on the interest rates considered most appropriate, that is:

• Treasury Bills and non-adjustable domestic currency Treasury Bonds issued by the Angolan State are valued, for disclosure purposes, based on a discounted cash-flows model. The discount curve used can be observed directly on BODIVA's daily report, which the Bank considers to be an active market;

• For loans and advances to customers operations with customers, the average interest rates practiced by the Bank in the period ended 30 June 2021 and 31 December 2020, respectively, for operations with similar characteristics and net of accrued impairment losses, were used; and

• Regarding the "Cash and balances at central banks", "Balances at other credit institutions", "Deposits with central banks and other credit institutions", "Funds of central banks and other credit institutions " and "Customers funds and other borrowings", as they are essentially short-term operations, it was considered that the balance sheet value represents a reasonable approximation of their fair value.

It should be noted that the fair value presented does not correspond to the realisation value of these financial instruments in a sale or settlement scenario and was not calculated for that purpose.

As at 30 June 2021 and 31 December 2020, the fair value of financial instruments recorded in the balance sheet at fair value shows the following detail by valuation methodology:

	30-06-2021			
	Level 1 Prices quoted in an active market	Level 2 Observable market data	Level 3 Other valuation techniques	Total
ASSETS				
Financial assets at fair value through profit or loss	**2.098.959**	**211.797.050**	**46.930.269**	**260.826.278**
Debt securities issued by the State				
Non-adjustable treasury bills and treasury bonds in national currency	-	209.030.447	-	209.030.447
Treasury bonds in national currency indexed to the US dollar exchange rate	-	-	45.475.697	45.475.697
Equity instruments				
VISA	2.098.959	-	-	2.098.959
Other equity instruments	-	-	980.113	980.113
Participation units	-	-	474.458	474.458
Derivatives	-	2.766.603	-	2.766.603
LIABILITIES				
Financial liabilities at fair value through profit or loss	**-**	**1.769.226**	**-**	**1.769.226**
Derivatives	-	1.769.226	-	1.769.226

	31-12-2020			
	Level 1 Prices quoted in an active market	Level 2 Observable market data	Level 3 Other valuation techniques	Total
ASSETS				
Financial assets at fair value through profit or loss	**1.972.648**	**283.219.897**	**80.501.743**	**365.694.288**
Debt securities issued by the State				
Non-adjustable treasury bills and treasury bonds in national currency	-	282.634.707	-	282.634.707
Treasury bonds in national currency indexed to the US dollar exchange rate	-	-	78.164.324	78.164.324
Equity instruments				
VISA	1.972.648	-	-	1.972.648
Other equity instruments	-	-	2.034.013	2.034.013
Participation units	-	-	303.406	303.406
Derivatives	-	585.191	-	585.191
LIABILITIES				
Financial liabilities at fair value through profit or loss	**-**	**4.244.410**	**-**	**4.244.410**
Derivatives	-	4.244.410	-	4.244.410

30.5 Capital management

The Bank's own funds are determined in accordance with the applicable regulatory standards, namely with Notice no. 2/2016. The requirements for the solvency ratio are found in Notice no. 3/2016, Notice no. 4/2016 and Notice no. 5/2016. The applicable instructions are as follows: Instruction no 12/2016, Instruction no 13/2016, Instruction no 14/2016, Instruction no 15/2016, Instruction no 16/2016, Instruction no 17/2016 and Instruction no 18/2016.

Angolan financial institutions shall maintain a level of own funds compatible with the nature and scale of operations, d duly weighted by the risks inherent to the operations, with a minimum Regulatory Solvency Ratio of 10%.

Angolan financial institutions shall maintain a level of own funds compatible with the nature and scale of operations, ensuring at all times a minimum Regulatory Solvency Ratio of 10%.

Regulatory Own Funds comprise:

1. Core own funds - comprise:

(i) paid-up share capital; (ii) share premiums relating to elements included in the previous paragraph; (iii) reserve for monetary adjustments of paid-up share capital; (iv) positive retained earnings from previous periods; (v) legal, statutory and other reserves resulting from undistributed income/profit, or incorporated for capital increase; (vi) positive net income of the previous period; (vii) provisional positive net income of the current period; (viii) portion of the reserve and net income related to deferred tax assets, provided that they relate to losses containing as a negative element original own funds, and (ix) instruments whose issue conditions were previously approved by the Angolan National Bank.

2. Negative elements of the Original Own Funds — comprise:

(i) own shares in the portfolio, at the book value in the balance sheet; (ii) negative income, retained from previous periods; (iii) negative net income from the previous period; (iv) negative latent income relating to revaluation of securities; (v) negative latent income relating to the revaluation of available-for-sale securities and cash flow hedges and investments abroad; (vi) provisional negative net income for the current period; (vii) intangible assets net of depreciations; (viii) deferred costs relating to pension liabilities; (ix) portion of the reserve and net income related to deferred tax liabilities, provided that they relate to gains containing as a positive element original own funds; (x) positive revaluation differences resulting from the application of the equity method; (xi) lack of provisions under the provisions of Notice no. 12/2014, of 17 December, on the constitution of provisions; and (xii) actuarial losses not recognized in profit or loss.

3. Additional Own Funds — comprise:

(i) fixed-term preferred shares; (ii) generic funds and provisions; (iii) reserves resulting from real estate for own use; (iv) subordinated debt, in the form of loans or bonds issued, whose issuance conditions were previously approved by the Angolan National Bank; (v) positive latent income relating to the revaluation of available-for-sale securities and cash flow hedges and investments abroad, up to 45% (forty five percent) of their value (by the amount of the net effect of the hedge) before taxes; (vi) other instruments whose issuance conditions have been previously approved by the Angolan National Bank.

4. Deductions to original and additional own funds — comprise:

(i) instruments issued or obtained by other financial institutions, of which the Institutions are holders, provided for in Article 5(2)(a) and (i) and Article 7(2)(a), (d) and (f), both of Notice 02/2016. This deduction should consider the book value in the balance sheet, net of provisions, and should met the following conditions:

a) If the Institution has a participation above 10% (ten percent) of the investee's share capital, all of the aforementioned instruments shall be deducted, or

b) If the Institution has a participation below or equal to 10% (ten percent) of the investee's share capital, and if above ten 10% (ten percent) of the investor's share capital, all of the aforementioned instruments shall be deducted, except 10% (ten percent) of the investor's own funds, determined before this deduction;

(ii) the surplus against the limits established in Notice no. 9/2016, on prudential limits on large risks.

Positive income referred to in the previous points may only be considered when certified by the chartered accountant, member of the supervisory board or statutory auditor and by the external auditor.

A summary of the Bank's capital requirement calculations for 30 June 2021 is presented as follows:

	30-06-2021	31-12-2020
Regulatory Own Funds	**302.937.199**	**461.774.226**
Own Funds requirements (credit risk)	34.198.006	33.270.104
Own Funds requirements (Market risk)	6.862.573	10.644.754
Own Funds requirements (Operational risk)	37.956.625	37.956.625
Regulatory Solvency Ratio	**38,3%**	**56,4%**

31.RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

Interest Rate Benchmarks Reform – Phase 2 – amendments to IFRS 9, IAS 39 and IFRS 7

In August 2020, the IASB published the Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With the publication of the phase 2 amendments, the IASB has completed its work in response to the IBOR reform.

The amendments provide temporary expedients that address the financial reporting effects when an interbank offered rate (IBOR) is replaced by an alternative near-risk-free interest rate (RFR).

Practical expedient for amendments to the basis for determining contractual cash flows as a result of the IBOR reform

Practical expedient for amendments to the basis for determining contractual cash flows as a result of the IBOR reform
The amendments include a practical expedient to require contractual changes, or changes to cash flows directly required by the reform, to be viewed as changes to a variable interest rate, equivalent to a movement in a market interest rate. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR reference rate to an RFR occurs on an economically equivalent basis, without any transfer of value having occurred.

Any other amendments made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognized. If they are not substantial, the updated effective interest rate is used to recalculate the book value of the financial instrument, with any modification gain or loss being recognized in profit or loss.

The practical expedient is necessary for entities applying IFRS 4 that are using the exception in IFRS 9 (and therefore apply IAS 39) and for IFRS 16 Leases, for modifications to leases required by the IBOR reform.

Relief from discontinuation of hedging relationships

The amendments allow the introduction of changes required by the IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted amendments include redefining the hedged risk to refer to an RFR and redefining the description of hedging instruments and/or hedged items to reflect the RFR. Entities are permitted until the end of the reporting period, during which a modification required by the IBOR reform is made, to complete the amendments.

Any gains or losses that may arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness.

The amounts accrued in the cash flow hedge reserve are considered to be based on the RFR. The cash flow hedge reserve is posted to profit or loss in the same period or periods in which the cash flows hedged on the basis of the RFR affect profit or loss.

For the assessment of retrospective hedge effectiveness under IAS 39, on transition to an RFR, entities may elect a hedge-by-hedge basis to redefine cumulative fair value amendments to zero. This relief applies when the exception to retrospective valuation ends.

The amendments provide relief for items within a designated group of items (such as those that are part of a macro cash flow hedging strategy) that are changed due to amendments directly required by the IBOR reform. The amendments allow the hedging strategy to remain and not be discontinued. Items within a hedged group that transition at different times from IBOR to RFR will be transferred to subgroups of instruments that reference RFRs as the hedged risk.

As instruments transition to RFRs, a hedging relationship may need to be modified more than once. Second stage reliefs apply whenever a hedging relationship is modified as a direct result of the IBOR reform. Second stage reliefs cease to apply once all amendments have been made to the financial instruments and hedging relationships as required by the IBOR reform.

Separately identifiable components of risk

The amendments provide temporary relief for entities from having to comply with the requirement to be separately identifiable when an RFR instrument is designated as a hedge of a risk component. The relief allows entities, when designating the hedge, to assume that the requirement to be separately identifiable is met, provided that the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months.

Additional disclosures

IFRS 7 Financial instruments: Disclosures include the following:

- How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform;
- Quantitative information on financial instruments that have not yet transitioned to RFRs, disaggregated by each significant IBOR benchmark;
- Whether the IBOR reform has given rise to changes in the entity's risk management strategy and a description of those changes.

The amendments are mandatory for annual periods beginning on or after 1 January 2021, with earlier application allowed. Hedging relationships should be reinstated if the hedging relationship was discontinued solely due to amendments required by the IBOR reform and would not have been discontinued if the phase two changes had been applied at that time. Although application is retrospective, an entity is not required to restate prior periods.

Covid-19-Related Rent Concessions after 30 June 2021 - Amendments to IFRS 16

In March 2021, the IASB amended the conditions of the practical expedient in IFRS 16 that allows lessees to be exempted from applying the guidance in IFRS 16 in respect of modifications to lease agreements that result directly from the Covid-19 pandemic.

As a practical expedient, a lessee may elect not to assess whether a concession in rents by the lessor related to Covid-19 is a modification to the lease. A lessee that makes this election accounts for changes in rental payments resulting from Covid-19 in the same way as it would account for a change that is not a lease modification in accordance with IFRS 16.

As a result of the amendment, the practical expedient now applies to rent concessions for which any reduction in rental payments affects only those payments originally due on or before 30 June 2022, provided that the other conditions for applying the practical expedient are met.

Lessees shall apply the amendment retrospectively, recognising the cumulative effect of the initial application as an adjustment to the opening balance of retained earnings (or other component of capital, as appropriate) at the beginning of the annual financial reporting period in which they first apply the amendment. In the financial reporting period in which the lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

In accordance with paragraph 2 of IFRS 16, a lessee shall apply the amendment consistently to eligible agreements with similar characteristics and in similar circumstances, regardless of whether the agreement became eligible for the practical expedient before or after the amendment.

No material impacts on the Bank's financial statements are estimated.

Reference to the Conceptual Framework - amendments to IFRS 3

In May 2020, the IASB issued amendments to IFRS 3 - Business Combinations - Reference to the Conceptual Framework.

The amendments add an exception to the recognition principle of IFRS 3 to avoid potential "day 2" gains or losses arising from liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, rather than the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards (March 2018).

No material impacts on the Bank's financial statements are estimated.

Tangible assets: receipts before intended use - Amendments to IAS 16

This amendment prohibits entities from deducting from the cost of tangible assets any proceeds from the sale of items produced during the placement of the asset in the location and condition necessary for it to be capable of operating in the manner intended by management.

Alternatively, the entity recognises the receipt from the sale of those assets, and the cost of producing them, in the income statement.

These amendments are effective for periods beginning on or after 1 January 2022 and must be applied prospectively.

No material impacts on the Bank's financial statements are estimated.

Onerous contracts: costs of fulfilling a contract - Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". Costs directly related to a contract to provide goods or services include both incremental costs (for example, the costs of direct labour and materials) and a directly related cost allocation to contract activities (for example, depreciation of equipment used to fulfil the contract, and the costs of managing and supervising the contract). General and administrative costs are not directly related to a contract and are excluded unless they are explicitly attributable to the counterparty under the contract.

These amendments are effective for periods beginning on or after 1 January 2022 and shall be applied prospectively for contracts for which the entity has not yet performed all obligations at the date of initial application. Earlier application is allowed and shall be disclosed.

No material impacts on the Bank's financial statements are estimated.

IFRS 10 and IAS 28: Sales or contributions of assets between an investor and its associate or joint venture

The amendments seek to resolve the conflict between IFRS 10 and IAS 28 when faced with the loss of control of a subsidiary that is sold or transferred to an associate or a joint venture.

The amendments clarify that a gain or loss is recognized in full when a transfer to an associate or joint venture involves a business activity as defined in IFRS 3. Any gain or loss arising on the sale or contribution of assets that do not constitute a business is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

No material impacts on the Bank's financial statements are estimated.

Classification of Liabilities as Current and Non-Current - Amendments to IAS 1

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement;
- Which should constitute a right to defer at the end of the reporting period;
- That classification is not affected by the likelihood that an entity will exercise its right to defer;
- That a derivative embedded in a convertible liability is itself an equity instrument if the terms of a liability do not impact its classification.

Right to Defer Settlement

The IASB decided that if an entity's right to defer settlement of a liability is subject to meeting specified conditions, the entity has the right to defer settlement of the liability at the end of the reporting period if it meets those conditions at that date.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the creditor tests compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that "the classification is unaffected by the likelihood that an entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period". In other words, management's intention to settle in the short term has no impact on the classification. This applies even if the settlement has occurred when the financial statements are authorised for issue.

Meaning of the term "settlement"

The IASB has added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by the term "settlement" of a liability. The IASB came to the conclusion that it was important to relate the settlement of liabilities to the outflow of funds.

Settlement through an entity's equity instruments is considered settlement for the purpose of classifying liabilities as current or non-current, with one exception. Where a convertible option is classified as a liability or part of a liability, the transfer of equity instruments would constitute a settlement of the liability for the purpose of classifying it as current or non-current. Only if the convertible option itself is classified as an equity instrument would settlement, by means of equity instruments, be disregarded when determining whether the liability is current or non-current.

Unchanged from the current standard, the extension of a loan is considered the extension of an existing liability and is therefore not considered a "settlement".

In June 2021, the IASB provisionally decided to propose several amendments to the clarifications made in January 2020. In particular, the IASB decided to propose that if a right to defer settlement for at least twelve months is subject to conditions being met by an entity after the reporting date, those conditions do not affect whether the right to defer settlement exists at the reporting date for the purposes of classifying a liability as current or non-current. Additional presentation and disclosure requirements would apply in such circumstances. ´

In addition, the IASB has provisionally decided to postpone the effective date from 1 January 2023 to 1 January 2024.

No material impacts on the Bank's financial statements are estimated.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Replacing the term "significant" with "material"

In the absence of a definition of the term "significant" in IFRS, the IASB has decided to replace it with "material" in the context of accounting policy disclosures. "Material" is a defined term in IFRS and is widely understood by users of financial statements, according to the IASB.

In assessing the materiality of accounting policy information, entities should consider the size of the transactions, their events or conditions and their nature.

Examples of circumstances in which an entity is likely to consider accounting policy information have been added.

Disclosure of standardised information

Although standardised information is less useful to users than entity-specific accounting policy information, the IASB agreed that, in some circumstances, standardised accounting policy information may be necessary for users to understand other material information in the financial statements. In those situations, the standard accounting policy information is material and should be disclosed.

The amendments to IFRS Practice Statement 2 also provide examples of situations in which generic or standardised information that summarises or duplicates the requirements of IFRSs may be considered material accounting policy information.

These amendments are effective for periods beginning on or after 1 January 2023, with earlier application of the amendments to IAS 1 permitted provided that this fact is disclosed.

As the amendments to IFRS Practice Statement 2 provide non-binding guidance on the application of the definition of material to accounting policy information, the Board concluded that no transition requirements and an effective date for these amendments were necessary.

No material impacts on the Bank's financial statements are estimated.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8 in which it introduced a new definition of "accounting estimates".

The amendments to the standard clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. In addition, they clarify how entities use measurement techniques and data to develop accounting estimates.

The amendment to the standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they are not the result of correcting prior period errors.

The previous definition of change in accounting estimate specified that changes in accounting estimates can result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition has been retained by the IASB.

The amendments apply to changes in accounting policies and accounting estimates that occur in periods beginning on or after 1 January 2023. Earlier application is permitted.

No material impacts on the Bank's financial statements are estimated.

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

In May 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exemption, which is no longer applied to transactions that give rise to equal taxable and deductible temporary differences.

Determining the tax base of assets and liabilities

The amendments clarify that where payments settling a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether those deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or the related asset component (and interest expense). This judgment is important in determining whether there are temporary differences in the initial recognition of the asset and liability.

Changes in the initial recognition exemption

According to the amendments, the initial recognition exemption does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It applies only if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) gives rise to taxable and deductible temporary differences that are not equal.

However, it is possible that the resulting deferred tax assets and liabilities will not be equal (for example, if the entity is unable to take advantage of tax deductions or if different tax rates apply to the taxable and deductible temporary differences).

In such cases, which the IASB expects will occur infrequently, an entity shall account for the difference between the deferred tax asset and liability in profit or loss.

An entity shall apply the amendments to transactions that occur at the beginning or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it shall also recognise

a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

These amendments are effective for periods beginning on or after 1 January 2023.

No material impacts on the Bank's financial statements are estimated.

Cycle of improvements to IFRS 2018-2020 (issued May 2020)

IFRS 1 - First-time Adoption of International Financial Reporting Standards - First-time adoption in a subsidiary

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative transition differences using the amount reported by the parent, based on the parent's date of transition to IFRSs. This amendment also applies to associates or joint ventures.

This amendment is effective for periods beginning on or after 1 January 2022. Early adoption is permitted.

No material impacts on the Bank's financial statements are estimated.

IFRS 9 - Financial Instruments - Expenses included in the 10% test for derecognition of financial liabilities

The amendment clarifies the expenses that an entity includes in the 10% test when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These expenses include only those paid or received between the creditor and the debtor, including those received by the debtor or creditor on behalf of the other. There is no similar amendment for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged at or after the beginning of the annual reporting period in which the entity first applies the amendment.

This amendment is effective for periods beginning on or after 1 January 2022. Early adoption is permitted.

No material impacts on the Bank's financial statements are estimated.

IFRS 16 – Leases

The illustrative example on lessor payments related to lease asset improvements was removed from the illustrative example 13 accompanying IFRS 16.

No material impacts on the Bank's financial statements are estimated.

IAS 41 – Agriculture

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude tax-related cash flows when measuring the fair value of assets within the scope of IAS 41.

This amendment is effective for periods beginning on or after 1 January 2022. Early adoption is permitted.

No material impacts on the Bank's financial statements are estimated.

32. SUBSEQUENT EVENTS

We are not aware of any additional facts or events after 30 June 2021 that justify adjustments or additional disclosure in the Notes to the financial statements.

07

EXTERNAL AUDIT REPORT

KPMG Angola – Audit, Tax, Advisory, S.A.
Edifício Moncada Prestige – Rua Assalto ao Quartel de Moncada 15 2º
Luanda – Angola
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LIMITED REVIEW REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

To the Board of Directors of
Banco de Fomento Angola, S.A.

Introduction

1. We have performed a limited review audit on the accompanying interim condensed financial statements of **Banco de Fomento Angola, S.A.** ("Bank"), which comprise the interim condensed balance sheet as of 30 June 2021 which shows total assets of AOA 2,793,710,484 thousand and a total equity of AOA 328,221,380 thousand, including a net profit of AOA 62,622,933 thousand, the interim condensed income statement and the interim condensed statement of other comprehensive income, the interim condensed statement of changes in equity and the interim condensed statement of cash flows for the six-month period ended on that date and the notes to the financial statements.

Responsibilities of the Board of Directors for the Financial Statements

2. The Board of Directors is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with IAS 34 – Interim Financial Reporting and for such internal control as the Board deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. 3. Our responsibility is to express an independent opinion on these interim condensed financial statements. We conducted our limited review audit in accordance with the Technical Standards of the Angolan Institute of Accountants and Chartered Accountants on Simplified Reviews – Reviewing Historical Financial Statements ("*Normas Técnicas da Ordem dos Contabilistas e Peritos Contabilistas de Angola sobre Trabalhos de Exame Simplificado - Trabalhos Para Rever Demonstrações Financeiras Históricas*"). That standard requires us to conclude on whether anything has come to our attention that leads us to believe that the interim condensed financial statements, as a whole, are not prepared, in all materially relevant aspects, in

accordance with IAS 34 – Interim Financial Reporting. This standard also requires that we comply with all relevant ethical requirements.

4. A limited review, in accordance with the Technical Standards, is work designed to provide reasonable assurance. The auditor performs procedures that consist primarily of making inquiries of the Board of Directors and others within the Bank, as appropriate, applying analytical procedures and evaluating the evidence obtained.

5. The procedures performed on a limited review are substantially reduced than the procedures performed in an audit conducted in accordance with the International Standards on Auditing. Consequently, we do not express an audit opinion on those financial statements.

Conclusion

6. Based on our limited review, nothing has come to our knowledge that leads us to believe that the interim condensed financial statements referred to in paragraph 1 above do not fairly present, in all materially material aspects, the financial position of **Banco de Fomento Angola, S.A.** as of 30 June 2021 and its financial performance and cash flows for the six-month period ended on that date, in accordance with IAS 34 – Interim Financial Reporting.

Emphasis of matter

7. Without affecting the conclusion expressed in the previous paragraph, we draw your attention to Note 19 of the notes to the interim condensed financial statements, which discloses relevant information on the deferred distribution of extraordinary dividends, approved by the General Meeting of 16 June 2021.

Other matters

8. The financial statements for the period ended 31 December 2020 and the six-month period ended 30 June 2020, presented for comparative purposes, were audited by another Chartered Accountant, who issued an Independent Auditor's Report without any qualified opinion and without emphasis of matter, dated 7 April 2021, for the year 2020, and an Independent Auditor's Report without any qualified opinion and with emphasis of matter, dated 28 September 2020, for the 6-month period ended 30 June 2020. We were hired as Chartered Accountants on 5 March 2021, to audit the financial statements for the period ended 31 December 2021 and to perform a limited review to the 6-month period ended 30 June 2021.

Luanda, 30 September 2021

KPMG Angola – Audit, Tax, Advisory, S.A.
Represented by
Maria Inês Rebelo Filipe
(Chartered Accountant Member no. 20140081)

Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.

OPINION OF THE SUPERVISORY BOARD

1. In compliance with the mandatory legal and regulatory, article 441, g) of the Law of Commercial Companies (Law 1/04 of February 13), article 71, point 2 of the Basic Law of Financial Institutions (Law 14/21 of May 19), in conjunction with point 1,d) of article 15 of the Corporate Governance Code of Financial Institutions (Notice nº 10/21, of 18 July), with point 5 of article 6 of the Accounting Standardization and Harmonization Process in the Angolan Banking Sector (Notice 5/19, of 30 August) article 2, point 1 of the Regulations of the Supervisory Board of the Banco de Fomento Angola, S.A., approved on June 21, 2014, it is the responsibility of the Supervisory Board to issue an opinion on the Board of Directors' interim condensed 2021 Financial Report of BANCO DE FOMENTO ANGOLA, S.A.

2. It is the responsibility of the Board of Directors of BANCO DE FOMENTO ANGOLA, S.A. to present the interim condensed 2021 Financial Report.

3. The Supervisory Board is responsible for verifying the information contained in the Financial Report, in order to issue a professional and impartial opinion, based on its supervisory activity. The Supervisory Board analyzed the financial statements, which comprise the interim condensed balance sheet as of 30 June 2021 which shows total assets of AOA 2,793,710,484 thousand and a total equity of AOA 328,221,380 thousand, including a net profit of AOA 62,622,933 thousand, the interim condensed income statement and the interim condensed statement of other comprehensive income, the interim condensed statement of changes in equity and the interim condensed statement of cash flows for the six-month period ended on that date and the notes to the financial statements.

4. The Supervisory Board analyzed the External Auditor's Limited Review Report for the interim condensed financial statements for the period ended 30 June 2021, which was issued without any reserve, declaring that "*based on our limited review, nothing has come to our knowledge that leads us to believe that the interim condensed financial statements referred to in paragraph 1 above do not fairly present, in all materially material aspects, the financial position of Banco de Fomento Angola, S.A. as of 30 June 2021 and its financial performance and cash flows for the six-month period ended on that date, in accordance with IAS 34 – Interim Financial Reporting*".

BANCO DE FOMENTO ANGOLA, S.A.
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Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.

5. In accordance with the above and taking into account the work carried out, this Supervisory Board proposes:

   a) Approval of the interim condensed financial statements for the period ended 30 June 2021.

6. We express our gratitude for the collaboration provided by the Board of Directors, Executive Committee, Directors and other employees of the BANCO DE FOMENTO ANGOLA, S.A..

Luanda September 30, 2021

SUPERVISORY BOARD

___________________________	______________________	______________________
Ari Brandão	**João Dias**	**Valdir Rodrigues**
(Presidente)	**(Vice-Presidente)**	**(Vogal)**
Perito Contabilista nº 20120120		

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